



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

DEPARTMENT OF VETERANS AFFAIRS

VA's Implementation of the
FITARA Chief Information
Officer Authority
Enhancements

AUDIT

REPORT #18-04800-122

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Executive Summary

In December 2014, Congress enacted the Federal Information Technology Acquisition Reform Act (FITARA) to modernize and strengthen federal information technology (IT) acquisitions and operations, significantly reduce wasteful spending, and improve project outcomes. Section 831 of the act increases oversight and management of federal IT resources by providing greater authority to agency chief information officers (CIOs).

The Office of Inspector General (OIG) conducted this audit to determine whether VA has implemented key elements of FITARA Section 831, *Chief Information Officer Authority Enhancements*. Specifically, the audit team evaluated requirements involving the role of the VA CIO during fiscal year (FY) 2018 in two essential areas:

- (1) Reviewing and approving all IT asset and service acquisitions across the VA enterprise
- (2) Planning, programming, budgeting, and execution (PPBE) functions for IT, including governance, oversight, and reporting

What the Audit Found

Since FITARA was enacted, VA's Office of Information and Technology (OIT) has undergone a transformation, including the development of new policies and processes dedicated to meeting the requirements identified within the law and Office of Management and Budget (OMB) guidance. However, the CIO's involvement and oversight of IT remains limited because most of these policies and processes have not been implemented agencywide. Furthermore, the OIT has suffered from frequent turnover in the CIO position, which has made it difficult to fully implement major change initiatives.

The audit team determined that the CIO's review and approval of IT acquisitions did not meet FITARA requirements. The OIT acquisition review and approval process was not approved by OMB as required. The CIO, who also serves as the assistant secretary for information and technology, did not approve approximately 70 percent of IT acquisitions worth approximately \$1 billion during the first three quarters of FY 2018. Also, VA's policies and processes did not require CIO review and approval for all IT acquisitions. The review and approval process was not approved by OMB because it was not submitted for approval by VA OIT.

The audit team found several issues that contributed to VA's failure to meet FITARA requirements for CIO review and approval of IT acquisitions. Specifically, VA policy and processes limit the CIO's review of certain IT investments. For example, the November 2017 revision to VA's principal policy for the acquisition and management of IT resources, VA Directive 6008, contains language that limits the CIO's oversight authority over VA IT assets to only those IT assets funded with the IT appropriation or that connect to the VA network. Also, the OIT's process for CIO review and approval of IT acquisitions excludes procurements

acquisitions below \$100,000 and medical devices funded outside the IT appropriations. Furthermore, an overall lack of awareness of FITARA requirements by VA personnel resulted in ineffective identification of IT acquisitions for CIO review and approval. Finally, conflicting VA policy and guidance created confusion in meeting FITARA requirements.

The audit team analysis of selected samples identified two segments of IT acquisitions that reflected increased rates of CIO review and approval compared to the remainder of the audit sample: those IT acquisitions processed through the Technology Acquisition Center (TAC) and those funded by the IT systems appropriation. VA's policy to process OIT-funded IT acquisitions through the TAC and direct communication between the OIT and TAC during the implementation of the Acquisition Review Module (ARM) acquisitions management system contributed to OIT's increased involvement during the review and approval of IT acquisitions. Without CIO review and approval of IT acquisitions made throughout the organization, VA is at risk for awarding contracts that are duplicative, wasteful, or poorly conceived.

The audit team also determined that the CIO's role in the PPBE processes for all IT resources did not meet FITARA requirements. The CIO had direct involvement and oversight over the PPBE process for IT that was funded with the IT systems appropriation but did not have visibility and oversight of PPBE processes for all IT resources funded outside of the IT systems appropriation. Furthermore, the CIO did not have a significant role in IT governance across the department and the OIT's strategic planning process did not meet FITARA requirements. The CIO did not have oversight over all IT PPBE processes because of limitations imposed by VA policy and a lack of coordinated efforts within the VA to involve the CIO in PPBE processes for VA IT resources funded by individual administration and staff office appropriations. The CIO did not have a significant role in IT governance because VA lacks an IT governance process across the agency and OIT's governance process was not fully functional. Specifically, during FY 2018, the CIO was not a member of active department-level IT governance boards that made informed decisions and conducted oversight of IT planning and acquisitions across the agency. Internal OIT governance frameworks were still being developed at the end of the year. The OIT's strategic planning process also did not meet FITARA requirements because that process was not fully functional in FY 2018; a new process was still being developed at the end of the year.

Agencywide governance and visibility of all IT resources, regardless of appropriation, would help with business transformation efforts to maximize VA's return on investments. Until VA fully implements FITARA and OMB's requirements for enhanced CIO authority over all PPBE processes—including IT management, governance, and oversight—the agency will continue to have limited CIO input into planned IT expenditures and oversight over VA IT resources. Limited CIO input could result in ineffective use of IT resources, as well as inaccurate accounting, tracking, and reporting of IT across VA. In addition, VA could make IT investments that are not coordinated or integrated across programs and organizations, are not aligned with VA's strategic goals, or fail to meet future VA mission requirements.

What the OIG Recommended

The OIG in its first review of FITARA Section 831, *Chief Information Officer Authority Enhancements*, made 10 recommendations to VA's chief of staff and the VA assistant secretary for information and technology to establish controls and develop and implement policy to meet FITARA requirements. Specifically, the OIG recommended that VA act in the following six areas:

- Ensuring the CIO's review and approval of all IT acquisitions
- Submitting a CIO assignment plan for OMB's review and approval
- Implementing an agencywide IT acquisition awareness and training program covering FITARA requirements
- Providing clear and consistent acquisition processes to ensure compliance with FITARA requirements
- Ensuring all VA administration and staff offices work with the CIO for planning, programming, budgeting, and execution of all IT resources
- Implementing department-level IT oversight processes to ensure the CIO is a member of governance boards that make informed decisions on all IT resources across the agency

Management Comments

VA's chief of staff concurred with the eight recommendations directed to her. The assistant secretary for information and technology also concurred with the two recommendations directed to him. The principal deputy assistant secretary for information and technology provided corrective action plans that are responsive to the 10 recommendations.¹ The principal deputy assistant secretary requested the closure of Recommendation 3 as VA signed a memorandum titled "Federal Information Technology Acquisition Reform Act Acquisition Compliance" to provide clear and consistent requirements on IT acquisition processes across the department. The OIG considers Recommendation 3 closed based on actions reported and documentation provided. The OIG will monitor implementation of the planned actions for the remaining recommendations and will close them when the OIG receives sufficient evidence demonstrating progress in addressing the identified issues.



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¹ VA provided written communication indicating the VA chief of staff and the assistant secretary for information and technology concurred with the corrective action plans provided by the principal deputy assistant secretary for information and technology. The principal deputy's complete response is included as Appendix D.

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Abbreviations

ARM	Acquisition Review Module
CIO	chief information officer
eCMS	electronic contract management system
FITARA	Federal Information Technology Acquisition Reform Act
FY	fiscal year
GAO	Government Accountability Office
IT	information technology
ITARS	Information Technology Acquisition Request System
ITLB	information technology leadership board
OIG	Office of Inspector General
OIT	Office of Information and Technology
OMB	Office of Management and Budget
PPBE	planning, programming, budget, and execution
TAC	Technology Acquisition Center
VHA	Veterans Health Administration



Introduction

The Office of Inspector General (OIG) conducted this audit to determine whether VA has implemented key elements of the Federal Information Technology Acquisition Reform Act (FITARA) Section 831, *Chief Information Officer Authority Enhancements*. Specifically, the audit team evaluated requirements involving the role of the VA chief information officer (CIO) during fiscal year (FY) 2018 in two essential areas:

- (1) Reviewing and approving all information technology (IT) asset and service acquisitions across the VA enterprise
- (2) Planning, programming, budgeting, and execution (PPBE) functions for IT, including governance, oversight, and reporting

VA's History of Implementing FITARA Requirements

In December 2014, Congress enacted FITARA to modernize and strengthen federal IT acquisitions and operations, significantly reduce wasteful spending, and improve project outcomes. FITARA Section 831 increases oversight and management of federal IT resources by providing greater authority to agency CIOs. Specifically, FITARA requires department CIOs to review and approve acquisitions of IT assets and services. Heads of federal agencies must ensure that their CIOs have a significant role in IT decisions, including annual and multiyear planning, programming, budgeting, execution, reporting, management, governance, and oversight functions.² In 2015, the Office of Management and Budget (OMB) provided implementation guidance for FITARA and related IT management practices.³

Under OMB Guidance, IT is defined as

Any services or equipment, or interconnected system(s) or subsystem(s) of equipment, that are used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency; where such services or equipment are 'used by an agency' if used by the agency directly or if used by a contractor under a contract with the agency that requires either use of the services or equipment or requires either use of the services, or equipment to a significant extent in the performance of a service or the furnishing of a product.⁴

² 40 U.S.C. § 11319 (b).

³ OMB, Memo M-15-14, "Management and Oversight of Federal Information Technology," June 10, 2015.

⁴ OMB, *FY 2019 Budget–Capital Planning Guidance*, app. C, "Definitions," August 1, 2017.

The guidance also provides examples of IT items:

IT includes computers, ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance), peripheral equipment designed to be controlled by the central processing unit of a computer, software, firmware and similar procedures, services (including provisioned services such as cloud computing and support services that support any point of the life cycle of the equipment or service), and related resources.

IT does not include any equipment that is acquired by a contractor incidental to a contract that does not require use of the equipment.

Since FITARA was enacted, VA's Office of Information and Technology (OIT) has undergone a transformation that included development of new policies and processes. OMB requires agencies to submit periodic reports on the status of FITARA implementation. VA OIT's April 2016 "Annual Update to the 2015 FITARA Implementation Plan and Self-Assessment" provided information on changes intended to implement CIO review and approval of IT acquisitions identified within the law and OMB guidance, and CIO authorities related to the PPBE processes for IT resources. VA also reported to OMB in this update that "not all IT-related activity is funded through the IT appropriation," representing a potential gap in CIO oversight.

The Government Accountability Office (GAO) also identified this issue in a report that stated VA was one of the top three agencies obligating funds containing embedded IT or associated IT programs within non-IT product service codes.⁵ A product service code is a four-digit code used by government contracting activities (entities) to identify and classify the products, services, and research and development that are purchased under contracts. More specifically, there are 19 product service code categories, including IT, which defines 2,906 specific product service codes. Appendix A's table A.2 identifies the 19 specific categories and the following table A.3 provides the 72 IT-defined product service codes used to identify IT acquisitions.

Other published GAO reports have shown challenges faced by VA in managing IT resources and acquisitions effectively:

- VA performed key IT-related functions such as leadership, strategic planning, systems development and acquisition, and systems operations and maintenance largely through its centralized OIT, led by the CIO. VA's two IT governance boards were intended to play a role in other key functions, such as investment management. However, the department faced challenges in effectively managing IT, including (1) preventing IT activities from occurring outside the control of the OIT, (2) maintaining collaboration

⁵ GAO, *Information Technology—Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars of Acquisitions*, GAO-18-42, January 10, 2018.

between the OIT and business units, and (3) delivering efficient and cost-effective IT capabilities.⁶

- “Improving the management of IT acquisitions” continued to be included in the GAO 2019 listing of high-risk areas. GAO found that agencies need to improve their capacity to successfully manage IT investments by fully implementing the CIO authorities described in FITARA and ensuring that program staff have the necessary knowledge and skills to acquire IT.⁷
- VA’s process for the CIO’s review and approval of IT acquisition plans did not meet OMB requirements. GAO sampled 10 IT contracts and determined that none were reviewed and approved by the CIO. Furthermore, VA incorrectly accounted for total FY 2016 IT obligations. Finally, VA also did not follow OMB’s guidance to have the chief acquisition officer identify all IT acquisitions for CIO review and approval.⁸

VA’s Policy for Identifying and Approving IT Acquisitions

VA Directive 6008 *Acquisition and Management of VA Information Technology Assets*, published in 2016 and revised in 2017 established policy for the acquisition and management of IT-related resources across VA. The directive provides policy guidance for defining IT assets, internal controls, including CIO authorities over VA IT and responsibilities for OIT and VA administration and staff offices and provides listings of IT assets that must be purchased with the IT appropriations and those assets that can be purchased with other VA appropriations.

In FY 2018, VA used two different systems in the management of the IT acquisition review and approval process: the IT Acquisition Request System (ITARS) and the Acquisition Review Module (ARM). OIT staff stated that ARM replaced ITARS in March 2018 to correct noncompliance with FITARA requirements identified by GAO.⁹

Recent History of VA Chief Information Officers

VA’s assistant secretary for information and technology, also identified as the CIO, leads the OIT, which includes a staff of more than 16,000 employees and contractors. A former CIO, LaVerne Council, led VA’s initial implementation of FITARA in 2015 as part of an OIT

⁶ GAO, *VA IT Management: Organization Is Largely Centralized; Additional Actions Could Improve Human Capital Practices and Systems Development Processes*, GAO 16-403, August 17, 2016.

⁷ GAO, *High Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High Risk Areas*, GAO-19-157SP, March 6, 2019.

⁸ GAO, *Information Technology—Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars of Acquisitions*.

⁹ GAO, *Information Technology—Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars of Acquisitions*.

transformation initiative. The initiative involved creating new functions and a new governance structure within the OIT to achieve goals of stabilizing and streamlining processes, eliminating material weaknesses, and institutionalizing new capabilities within the OIT.

In August 2018, GAO referenced a lack of consistent leadership in the CIO position as a challenge to IT management. GAO noted that CIOs and former government agency IT executives believed it was necessary for a CIO to stay in office for three to five years to be effective, and five to seven years to fully implement major change initiatives in large public sector organizations.¹⁰ Table 1 shows how VA experienced instability in the CIO position.

Table 1. VA Assistant Secretary for Information and Technology Tenure

Individual	Title	From	To	Tenure (months)
LaVerne H. Council	CIO	June 2015	January 2017	19
Rob C. Thomas II	OIT Executive in Charge/Acting CIO	January 2017	October 2017	9
Scott R. Blackburn	OIT Executive in Charge/Acting CIO	October 2017	April 2018	6
Camilo J. Sandoval	OIT Executive in Charge/Acting CIO	April 2018	January 2019	9
James P. Gfrerer	CIO	January 2019	Present	-

Source: VA OIG analysis of VA historic data, as of May 2020

VA's IT Planning, Programming, Budgeting, and Execution Responsibilities

VA's PPBE process is the mechanism for meeting the department's mission and goals while staying within fiscal constraints set by Congress and OMB. Congress enacted a separate IT systems appropriation in 2005 within the VA budget.¹¹ OIT performs most key functions for IT management, including the PPBE activities for IT resources using the IT systems appropriation.

OMB M-15-14, Section A, Paragraph 1, defines "information technology resources" as including all

- Agency budgetary resources, personnel, equipment, facilities, or services that are primarily used in the management, operation, acquisition, disposition, and transformation, or other activity related to the lifecycle of IT;

¹⁰ GAO, *Federal Chief Information Officers, Critical Actions Needed to Address Shortcomings and Challenges in Implementing Responsibilities*, GAO-18-93, August 2, 2018.

¹¹ Military Quality of Life and Veterans Affairs Appropriations Act of 2006, Pub. L. No. 109-114, 119 Stat. 2386 (2005).

- Acquisitions or interagency agreements that include IT and the services or equipment provided by such acquisitions or interagency agreements; but
- Does not include grants to third parties that establish, or support IT not operated directly by the federal government.

VA's IT planning, programming, budgeting and execution system is a resource management process with four interrelated phases consistent with the OIT objectives, policies, and strategies. Its purpose as defined in OIT's planning, programming, budgeting, and execution framework is to identify capability requirements (planning), and match them with resource requirements (programming), translate them into budget proposals (budgeting), and evaluate spending (execution) to determine how well the desired IT capabilities will be achieved. The secretary of the VA provides centralized policy direction throughout the four phases, while delegating program development, execution authority, and responsibility to the under secretaries and assistant secretaries responsible for providing services to our nation's veterans.¹²

While OIT manages the PPBE process for all IT resources funded within VA's IT appropriations account, individual administration and staff offices manage the PPBE process for IT resources funded within other assigned appropriations accounts. VA Directive 6008 provides specific responsibilities for the CIO, including that they shall "plan, program, budget and execute the IT systems appropriation" and "ensure that all VA information resources, including those funded outside the IT appropriation, are compliant with enterprise policy, rules, standards, and guidance related to IT, information management, and information security."¹³

The OIT staff stated that the OIT leads all PPBE efforts for IT-related investments as part of VA's overall IT acquisition process and that the OIT's Account Management Office has established IT account managers to serve as the lead IT executives. IT account managers report to the CIO and are responsible for creating and managing VA administration and staff offices' IT resource portfolios funded by the IT appropriations. Further, within the OIT, the Office of IT Resource Management publishes annual PPBE guidance for IT resources, the Office of Strategic Planning and Analysis develops strategic planning, and the Office of IT Budget and Finance executes the programming, budgeting, and execution life cycle.

¹² VA OIT Process Asset Library, "OIT Planning, Programming, Budgeting and Execution Process Framework," September 2014.

¹³ VA Directive 6008, *Acquisition and Management of VA Information Technology Resources*, par. 3.a(1) and 3.a(3)(d), rev. November 2, 2017.

Results and Recommendations

Finding 1: The CIO's Review and Approval of IT Acquisitions Did Not Meet FITARA Requirements

The VA CIO had limited oversight of the review and approval process for all IT acquisitions across the agency as mandated by FITARA. The audit team identified three key deficiencies in VA's implementation of FITARA requirements:

1. VA did not get OMB approval for a new IT acquisition review and approval process
2. The CIO, or CIO delegate, did not approve approximately 70 percent of IT acquisitions during the first three quarters of FY 2018, totaling approximately \$1 billion
3. VA's policy and processes did not require the CIO's review and approval for all IT acquisitions, contrary to FITARA requirements

The audit team found several issues that contributed to VA's failure to meet FITARA requirements:

- VA policy and processes limit the CIO's review of certain IT investments
- Overall lack of awareness of FITARA requirements by VA personnel resulted in ineffective identification of IT acquisitions for CIO review and approval
- VA's conflicting policy and guidance created confusion in meeting FITARA requirements

The audit team identified two segments of IT acquisitions that reflected increased rates of CIO review and approval compared to the remainder of the audit sample: IT acquisitions processed through the TAC and IT acquisitions funded by the IT systems appropriation process. The CIO lacks visibility over a significant number of IT acquisitions made throughout the organization. The lack of visibility limits the CIO's ability to eliminate duplicate IT acquisitions and reduce IT costs. If VA could reduce costs, these savings could be used to upgrade outdated IT systems and improve the efficiency and effectiveness of VA operations.

What the OIG Did

The audit team focused on the CIO's role in the review and approval process of IT acquisitions from October 2017 through June 2018. From that period, the team identified a population of 5,000 IT transactions from all electronic contract management system (eCMS) transactions that

involved the IT product service code (see table A.2).¹⁴ The IT product service code category included 72 IT product service codes (see table A.3). The product service code is a four-digit code used by government contracting activities for identifying and classifying the products, services, and research and development that are purchased under contract. There are 19 product service code categories including 2,906 specific product service codes. One of the 19 categories is specific to IT. Appendix A's table A.2 provides a breakdown of all the categories and table A.3 provides the 72 product service codes used to identify IT acquisitions.

The audit team evaluated a statistically stratified sample of 497 transactions totaling \$152 million that were selected from 5,000 identified IT transactions to determine the CIO's role in the review and approval of VA's IT acquisitions. The team also visited four sites and conducted interviews, observed applicable systems and associated data, and reviewed supporting policy, processes, procedures, documentation, and actions taken across the organization during the review and approval of IT acquisitions.

This finding discusses how

- VA's IT acquisition review and approval process was not approved by OMB,
- The CIO did not approve more than \$1 billion of IT acquisitions, and
- VA's policy and processes did not require CIO review and approval for all IT acquisitions.

VA's IT Acquisition Review and Approval Process Was Not Approved by OMB

OMB M-15-14, *Management and Oversight of Federal Information Technology*, requires agencies to submit an assignment plan to OMB for approval if the CIO designates other agency officials to act as their representative for certain responsibilities.¹⁵ In March 2018, the OIT implemented a transition policy to incorporate the review of acquisition strategies into the IT acquisition review and approval process. The new process designated VA personnel by position to perform CIO review and approval of an IT acquisition based on specific dollar thresholds. However, the OIT did not submit the CIO assignment plan and the related threshold policy to OMB for approval. Consequently, VA's review and approval process did not meet OMB and FITARA requirements.¹⁶

¹⁴ VA Procurement Policy Memo (2018-03) "Mandatory Usage of VA's Electronic Contract Management System (eCMS)," January 26, 2018, established eCMS as the system of record for contract actions and associated document storage within VA.

¹⁵ OMB, Memo M-15-14, att. A, "Common Baseline for IT Management and CIO Assignment Plan," June 2015.

¹⁶ 40 U.S.C. § 11319 (b)(1)(C).

The purpose of OMB M-15-14 is to provide implementation guidance for FITARA and related IT management practices. Attachment A of the OMB memorandum “Common Baseline and CIO Assignment Plan” states that it

provides a framework for agencies to implement the specific authorities that FITARA provides for CIOs.... The Common Baseline also speaks to the roles and responsibilities of other senior agency officials within the agency, as it is critical that these officials in each covered agency are engaged in the oversight of IT investments.

It also states, “The CIO assignment plan is critical to ensure the CIO retains accountability for the roles and responsibilities identified in the Common Baseline.”

Recommendation 1 addresses the need for VA to develop and implement policy to support the FITARA delegation process and submit a CIO assignment plan for review and approval to OMB in accordance with FITARA requirements.

The CIO Did Not Approve IT Acquisitions Worth More Than \$1 Billion

The audit team determined that the CIO or their delegate did not review and approve all IT acquisitions as required by FITARA. Based on a review of acquisitions identified as IT by the product service code and sampling, the team estimated that approximately 70 percent of the IT acquisitions during the first three quarters of FY 2018, valued at approximately \$1 billion, were procured outside the CIO’s review and approval process.

The VA established the Technology Acquisition Center (TAC) in 2009 to prepare and execute IT-related contracts across the VA. In July 2015, the OIT established policy that required all OIT-funded procurement actions exceeding \$100,000 to be processed by the TAC and entered into a system that tracked the procurements.¹⁷ The associate executive director of the TAC stated that during the OIT’s development of the review and approval process, she met weekly with OIT staff to ensure IT procurements were performed in accordance with FITARA. The audit team’s analysis found that IT acquisitions processed outside the TAC acquisition process and funded outside the IT systems appropriation account were much less likely to have required OIT approvals, as detailed below.

¹⁷ VA Executive in Charge and Chief Information Officer for Information and Technology (005) Memo, “Policy for Processing All Procurements Exceeding \$100k at the Technology Acquisition Center (TAC) (VAIQ# 7542865),” July 2, 2015.

Technology Acquisition Center Involvement Increased Rate of CIO Review and Approval of IT Acquisitions

The TAC provides contracting services in support of IT acquisitions. In accordance with established policy, OIT-funded procurement actions exceeding \$100,000 are required to be processed by the TAC and entered into a system that tracked the procurements. This policy does not require IT acquisitions processed outside the IT appropriation account to be processed by the TAC. From October 1, 2017, through June 30, 2018, the TAC provided contracting support covering 1,624 transactions involving over \$3 billion for IT assets and services, as identified in table 2.

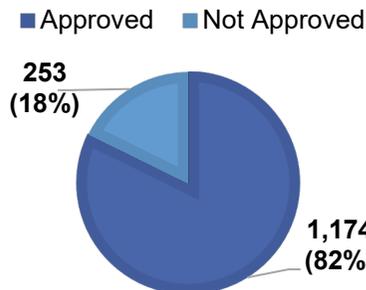
Table 2. Breakdown of IT Acquisitions Processed Through and Outside the TAC

VA IT acquisitions, FY 2018, Q1–Q3	eCMS transactions	Obligated amounts
Processed through the TAC	1,624	\$3,260,811,993
Processed outside of the TAC	3,376	\$210,966,977
Totals	5,000	\$3,471,778,970

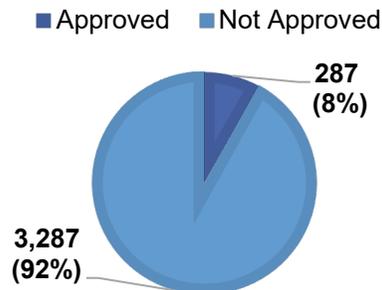
Source: VA OIG analysis of eCMS obligations in FY 2018 quarters 1–3

The audit team found that IT acquisitions made by the TAC were much more likely to have OIT’s involvement in the review and approval of these contract actions. Specifically, VA’s policy to process OIT-funded IT acquisitions through the TAC and direct communication between the OIT and TAC during the implementation of the ARM acquisitions management system contributed to the OIT’s increased involvement during the review and approval of IT acquisitions.

OIT Approval for Obligations Processed Through the TAC



OIT Approval for Obligations Processed Outside of the TAC



Figures 1 and 2. IT procurement obligations

Source: VA OIG review and sample projections

- Figure 1 shows projected estimates based on audit sampling revealing that about 82 percent of the transactions within the TAC acquisition process included required ITARS or ARM approvals for IT acquisitions, while about 18 percent did not have required approvals.
- Figure 2 shows projected estimates based on audit sampling revealing that about 8 percent of the transactions sampled outside the TAC acquisition process included required ITARS or ARM approvals for IT acquisitions, while about 92 percent did not have required approvals.

IT Acquisitions Using the IT Systems Appropriation Account Increased the Rate of CIO Review and Approval

Table 3 identifies the number of IT acquisitions that obligated funds within and outside of the IT systems appropriation account from October 1, 2017, through June 30, 2018. Specific information on the obligation amounts, number of transactions, and appropriations used can be found in appendix A, table A.1.

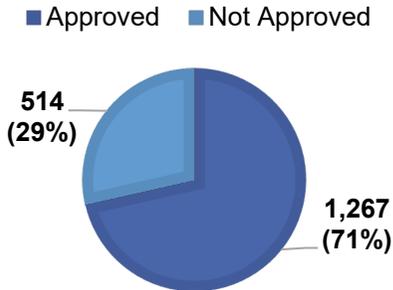
Table 3. IT Acquisitions Within and Outside IT Systems Appropriation

Total IT appropriations FY 2018, Q 1–3	eCMS transactions	Obligated amounts
Within IT systems appropriation	1,775	\$2,346,987,180
Outside IT systems appropriation	3,225	\$1,124,791,790
Totals	5,000	\$3,471,778,970

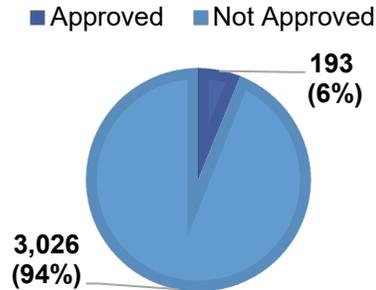
Source: VA OIG analysis of eCMS obligations in FY 2018 quarters 1–3

The audit team found that IT acquisitions funded with the IT systems appropriation account were much more likely to have OIT’s involvement in the review and approval based on the sampling of eCMS transactions. A total of 3,225 IT transactions valued at more than \$1.1 billion were found to be funded outside the IT systems appropriation. Based on the sample results in figure 4 below it is estimated that only 6 percent of the IT acquisitions funded outside the IT systems appropriation followed the required ITARS and ARM approval process compared to estimates of 71 percent of the IT acquisitions that were funded with the IT systems appropriation as shown in figure 3 below. The team discusses below the issues that are responsible for VA procuring IT acquisitions outside of the IT systems appropriation account. Specifically, VA’s policy limits the CIO approval for certain IT investments. Additional contributing factors are VA’s lack of awareness of FITARA requirements for IT acquisitions outside the TAC acquisition process and conflicting VA policy and guidance regarding FITARA requirements across the organization.

OIT Approval of Obligations Funded with IT Systems Appropriation



OIT Approval of Obligations Funded outside IT Systems Appropriation



Figures 3 and 4. IT systems appropriation obligations

Source: VA OIG review and sample projections

- Figure 3 shows projected estimates based on audit sampling revealing that about 71 percent of the transactions funded with the IT systems appropriation account () included required ITARS or ARM approvals for IT acquisitions, while 514 (about 29 percent) did not have required approvals.
- Figure 4 shows projected estimates based on audit sampling revealing that about 6 percent of the transactions funded outside the IT systems appropriation account included required ITARS or ARM approvals for IT acquisitions, while about 94 percent did not have required approvals.

Figures 1-4 provide the results of the audit team’s sample of CIO review and approval of obligations for IT in four distinct categories: (1) obligations with TAC participation, (2) obligations without TAC participation, (3) obligations funded by IT systems appropriation, and (4) obligations funded outside IT systems appropriation. The results indicate obligations with TAC participation and those funded with the IT systems appropriation have increased rates of CIO review and approval. The team found that this occurrence is likely the result of internal controls directly related to the TAC and IT systems appropriation of IT within VA. However, the team identified issues affecting the identification of IT acquisitions and the CIO’s visibility and oversight over all IT acquisitions.

Recommendation 2 addresses the need for VA to establish internal controls sufficient to ensure the CIO or their delegate review and approve all IT acquisitions regardless of appropriation used and implements policies and procedures to reflect these improved business processes.

VA's Policies and Processes Did Not Require CIO Review and Approval for All IT Acquisitions

In March 2018, VA OIT implemented a transition policy to streamline the IT acquisition process by combining the acquisition, budget, and technical review processes.¹⁸ The goal of the policy was ultimately to expand the CIO's access and visibility to all IT-related acquisitions in accordance with FITARA. The policy implemented a system change from ITARS to the budget tracking tool within ARM to improve FITARA compliance. The policy required all OIT-funded procurement actions to be entered into ARM. It also required that any non-IT funded products that connect or have the potential to connect to a VA network, or which have the potential to store sensitive data, be entered, reviewed, and approved in ARM. Non-IT funded medical devices, as identified in VA Directive 6550, are excluded from this requirement.¹⁹

However, the audit team found that these policy changes and associated processes were not fully implemented across the organization. The team identified the following issues as contributing to VA's failure to meet FITARA requirements:

- VA policy and processes limit the CIO's review of certain IT investments
- VA's lack of awareness of FITARA requirements has resulted in the ineffective identification of IT acquisitions for CIO approval
- VA's conflicting policy and guidance created confusion in meeting FITARA requirements

VA Policy and Processes Limit the CIO's Review of Certain IT Investments

The new transition policy and processes were intended to increase the CIO's access and visibility into all IT-related acquisitions. However, the audit team discovered the CIO review and approval process did not meet FITARA standards. Specifically, the policy included a threshold that excluded all IT acquisitions under \$100,000 from the CIO's review and approval process. This threshold is not in compliance with FITARA because FITARA does not provide for any IT acquisition exclusions from the CIO's review based on the cost of the procurement.

To evaluate the limitations of the IT acquisition policy, the audit team assessed transactions under the \$100,000 threshold that were neither included in the IT systems appropriation account nor obtained through the TAC acquisition process. The assessment identified the level of CIO review and approval. From a pool of 708 IT acquisitions under \$100,000, the audit team sampled

¹⁸ VA Executive in Charge for IT Memo, "Transition Policy supporting the replacement of the IT Acquisition Request System to the Budget Tracking Tool—March 2018 (VAIQ# 7854863)."

¹⁹ VA Executive in Charge for IT Memo "Transition Policy supporting the replacement of the IT Acquisition Request System to the Budget Tracking Tool—March 2018 (VAIQ# 7854863)."

57 transactions and found that none of the IT acquisitions had the required ITARS or ARM approvals. The team's additional testing concluded that a significant number of IT acquisitions during the first three quarters of FY 2018 were procured outside of the CIO's review and approval process, thus failing to meet FITARA requirements. In total, the audit team determined that 3,621 of the 5,000 IT acquisitions (72 percent) were under the \$100,000 threshold and therefore excluded from the CIO review and approval process. These acquisitions totaled \$89.1 million.

VA policy requires all OIT-funded IT acquisitions greater than \$100,000 be processed through the TAC.²⁰ Of the IT acquisitions greater than \$100,000 and funded by the IT systems appropriation, the audit team found only 2 percent of the transactions—15 IT transactions totaling \$3.2 million out of the 739 IT acquisitions totaling \$2.32 billion—were not processed by the TAC as required.

VA's Lack of Awareness of FITARA Requirements Resulted in the Ineffective Identification of IT Acquisitions for CIO Approval

VA personnel stated they have experienced some difficulty in identifying all IT acquisitions, which caused some IT items to be procured outside of the CIO's visibility and FITARA-required review and approval process. The audit team estimated based on sampling that 3,026 of 3,220 transactions (about 94 percent) funded outside the IT systems appropriation account did not have the CIO's review and approval in accordance with FITARA requirements, as shown in figure 4.²¹

Based on interviews with VA personnel, the audit team noted some problems with properly identifying IT assets during the acquisition process. Contracting personnel look for certain words in the statement of work such as network, software, laptop, and hardware, to determine if an acquisition is IT-related. Consequently, contracting personnel may miss some IT acquisitions because they focus on obvious IT terms without considering IT assets that connect to VA's network but are not identified as IT items within the statement of work. IT acquisitions can include references to medical terms or patient care that can bypass OIT's review and approval process. The following example missed the OIT review and approval process.

Example 1

VA obligated \$2.7 million for the acquisition of a "Nurse Call System" utilizing an IT product service code of 7042 used for procuring mini- and microcomputer control devices. The IT acquisition may have missed the required OIT review and

²⁰ VA Executive in Charge and CIO for IT Memo, "Policy for Processing All Procurements Exceeding \$100k at the Technology Acquisition Center (VAIQ# 7542865)."

²¹ Note: some items do not sum due to rounding.

approval process because the acquisition involved terms that could be interpreted to involve patient care.

Also, contracting personnel identify IT assets by looking at the underlying funding that provides the designated and approved appropriation for the acquisition. However, VA policy provides that IT acquisitions can be funded outside the IT appropriation account and therefore would not be properly identified using this method. The following example also reflects a missed OIT review and approval process.

Example 2

VA obligated \$159,184 for an acquisition of facilities' audiovisual equipment funded with the Veterans Benefits Administration general operating expenses appropriation account. The IT acquisition missed the required OIT review and approval process because some contracting personnel may have determined whether an item is IT by reviewing the underlying funding rather than reviewing the description of an item.

VA Acquisition Academy Does Not Offer Specific FITARA Training

VA's Acquisition Academy provides training for contracting officer certifications but does not offer training dedicated to meeting FITARA requirements for IT acquisitions. The Office of Federal Procurement Policy in the OMB plays a central role in shaping the policies and practices federal agencies use to acquire the goods and services they need to carry out their responsibilities. In May 2018, the Office of Federal Procurement Policy issued a memorandum highlighting issues in IT skills and training. The memorandum stated that buying digital services is not a skill gained through the federal acquisition certification in contracting curriculum, thereby necessitating a specialized and immersive training and development program called the digital IT acquisition program.²²

The memorandum built on earlier work to strengthen the skillset of those buying IT supplies and services. The Office of Federal Procurement Policy plans to include a specialized training program along with strategies to improve major acquisitions and increase collaboration between contract specialists, program managers, and contracting officers' representatives.

A senior representative of the academy stated that it will begin offering a new core-plus specialization in digital services certification in response to the memorandum. Academy staff are currently working with the TAC to develop this certification and does not plan to offer the courses to other contracting officials within VA. Although academy staff are working with a contractor to develop digital services courses, the subject matter will not specifically address

²² Office of Federal Procurement Policy Memo, "Establishment of Federal Acquisition Certification in Contracting Core-Plus Specialization in Digital Services (FAC-C-DS)," May 18, 2018.

FITARA requirements. Rather, the courses will focus on “learning to design innovative and flexible acquisitions for services, iterative development methods, cloud, and X-as-a-service.” Academy officials stated they might request that a contractor develop a course to include FITARA requirements as part of the digital services training.

VA's Conflicting Policy and Guidance Created Confusion in Meeting FITARA Requirements

The audit team identified conflicting VA policies and guidance that created confusion for personnel responsible for ensuring compliance with FITARA requirements:

1. VA Directive 6008, *Acquisition and Management of VA Information Technology Resources*
2. Veterans Health Administration (VHA) Directive 6550, *Pre-Procurement Assessment for Medical Device/Systems*
3. VHA Procurement Manual, Part 807

VA Directive 6008, revised November 2, 2017, contains language that outlines the CIO's authority for review and approval of IT acquisitions funded with the IT appropriations or that connect to VA's network. However, the directive limits the requirement for compliance with “laws, executive mandates and VA CIO policy” relating to IT acquisitions to only those IT assets funded by IT appropriations and limits the CIO's oversight authority over VA IT assets to only those IT assets connecting to the VA network. FITARA does not allow exclusions to the CIO approval process based on the types of IT acquisitions or method of funding.

VHA Directive 6550, dated February 20, 2015, includes procurement guidance that does not comply with FITARA requirements to ensure the CIO reviews and approves IT procurements. Specifically, the directive requires biomedical engineering to coordinate with the OIT to ensure information security, IT infrastructure capacity, and medical device security are addressed for systems that connect to the network or store sensitive information. However, the OIT's role is merely to provide input prior to the IT acquisition through a pre-procurement risk assessment—a process that does not include a CIO review and approval in accordance with FITARA requirements. VHA Directive 6550 specifically states that the pre-procurement risk assessment “serves as the multi-disciplinary technical review and approval process for network connected medical device/system procurement.”²³

VHA's Procurement Manual, Part 807, dated November 22, 2017, provides guidance to employees for documenting acquisition planning activities. Attachment 2 to the manual is a

²³ VA Directive 6550, *Pre-Procurement Assessment for Medical Device/Systems*, section 3, “Policy,” par. 3.d., February 20, 2015.

sample formal acquisition plan that states, “All IT acquisitions expected to be greater than \$150,000 will be purchased by the Technology Acquisition Center (TAC).” The manual also states that telecom charges, software license renewals, hardware maintenance contract renewals, and facility-based IT support contracts must be purchased locally, regardless of dollar value. This guidance conflicts with the July 2015 memorandum, “Policy for Processing All Procurements Exceeding \$100,000 at the Technology Acquisition Center (TAC),” that requires all IT-funded acquisitions greater than \$100,000 to be processed by the TAC. After the OIG notified VHA of the conflicting acquisition policy and guidance, staff updated the VHA Procurement Manual to remove the outdated IT guidance. VHA staff also stated they will provide procurement staff with the latest terms of the VHA and TAC agreement to procure IT commodities and services moving forward.

Recommendation 3 addresses the need for the department to modify all VA policy and guidance regarding implementation of FITARA requirements to provide clear and consistent processes across the agency.

The OIT Did Not Provide VA-Wide Guidance Ensuring Compliance with FITARA Requirements

The OIT developed various FITARA training presentations for VA personnel, but the training was not provided across all VA acquisition offices and the training that was provided did not include specific guidance for conducting FITARA reviews in accordance with OMB guidance. For example, VHA acquisition offices did not receive the same level of support and training as the TAC staff received in the transition from ITARS to ARM. In March 2018, the OIT operationally replaced ITARS with the ARM acquisition system to correct noncompliance with FITARA requirements. In September 2018, VHA acquisitions officials stated that they never received training materials from the OIT surrounding the transition, and acquisition officers were not aware of the new ARM system. Furthermore, the guidance did not ensure that reviewers considered the following required factors before approving acquisition strategies and plans:²⁴

- Appropriateness of contract type
- Appropriateness of IT-related portions within the statement of work
- Appropriateness of IT acquisitions with respect to the mission and business objectives supported by the IT strategic plan
- Alignment of IT acquisitions with mission and program objectives in consultation with program leaders

²⁴ OMB, Memo M-15-14.

The audit team found that training provided to reviewers did not include specific guidance for conducting FITARA reviews in accordance with OMB guidance. Although the OIT developed a FITARA data worksheet summary to evaluate VA administration and staff offices' program strategies and priorities during initial reviews of IT acquisitions, the worksheet does not validate the acquisition strategy. Moving forward, the OIT plans to develop and publish written guidance to address FITARA requirements.

Recommendation 4 addresses the need for VA to develop and implement an agencywide IT acquisition awareness and training program to improve VA employees' understanding of FITARA requirements and the CIO's authority to review and approve all IT acquisitions.

Conclusion

In 2016, OMB stated that “many agencies continue to buy and manage their IT in a fragmented and inefficient manner, in a large part due to the highly decentralized structure of major cabinet level departments, which conflicts with the goals of the Federal Information Technology Acquisition Reform Act.” Consistent with this message, this audit revealed that VA did not have an OMB-approved CIO assignment plan. In addition, the CIO's review and approval of VA IT acquisitions was limited by financial thresholds and business processes that minimize the CIO's involvement in certain IT acquisitions. Consequently, the audit sample results from October 2017 to June 2018 estimated that approximately 70 percent of all IT acquisitions were procured outside the CIO's review and approval process. The CIO lacks visibility over a significant number of IT acquisitions made throughout the organization. This lack of visibility limits the CIO's ability to reduce IT costs and eliminate duplicate IT acquisitions. Without CIO review and approval of IT acquisitions made throughout the organization, VA is at risk for awarding contracts that are duplicative, wasteful, or poorly conceived. If VA could reduce costs, these savings could be used to upgrade outdated IT systems and improve the efficiency and effectiveness of VA operations. Given the history of difficulties related to IT systems acquisitions and projects, it is imperative that VA provide the CIO with the department-wide authority to properly oversee all significant IT acquisitions.

Recommendations 1–4

The OIG recommended the VA chief of staff ensure the chief information officer, in conjunction with VA administrations and program offices, performs the following:

1. Develop and implement policy to support the Federal Information Technology Acquisition Reform Act delegation process and submit a chief information officer assignment plan for the Office of Management and Budget's review and approval.
2. Establish internal controls sufficient to ensure the chief information officer or the appropriate delegate reviews and approves all information technology acquisitions,

regardless of appropriation, and implement improved VA policies and procedures to reflect these business processes.

3. Modify all VA policy and guidance regarding implementation of Federal Information Technology Acquisition Reform Act requirements to provide clear and consistent information technology acquisition processes across the department.
4. Develop and implement agencywide information technology acquisition awareness and training programs to improve VA employees' understanding of Federal Information Technology Acquisition Reform Act requirements and the chief information officer's authority to review and approve all information technology acquisitions.

Management Comments

VA's chief of staff concurred with the four recommendations and the principal deputy assistant secretary for information and technology provided corrective action plans that are responsive to the four recommendations.²⁵ For Recommendation 1, the principal deputy assistant secretary reported that OIT and the Office of Enterprise Integration developed an interim policy on complying with FITARA. The principal deputy assistant secretary also stated that a draft CIO assignment plan was completed and revised based on comments and recommendations from the Office of General Counsel; the Office of Acquisition, Logistics and Construction; and the Office of Enterprise Integration. Submission of the policy and CIO assignment plan to the OMB is pending resolution of nonconcurrence by the VA OIG. VA will provide additional details at the time of the report's 90-day follow-up.

For Recommendation 2, the principal deputy assistant secretary reported that VA is developing a FITARA implementation policy. The policy and the CIO assignment plan stated in part, "the CIO will review and approve all IT acquisition strategies and IT acquisition plans prior to solicitation and contract award." The principal deputy assistant secretary also stated that the CIO will identify and designate officials with authority to review and approve IT acquisition strategies/plans on the CIO's behalf based on the estimated total contract lifecycle amount and/or acquisition actions that may have significant impact to the agency. VA will provide additional details at the time of the report's 90-day follow-up.

For Recommendation 3, the principal deputy assistant secretary reported that on December 2, 2019, the CIO and chief acquisition officer signed the "Federal Information Technology Acquisition Reform Act Acquisition Compliance" memorandum to provide clear and consistent requirements on IT acquisition processes across the department. The

²⁵ VA provided written communication indicating the VA chief of staff concurred with the corrective action plans provided by the principal deputy assistant secretary for information and technology. The principal deputy's response is included as Appendix D.

memorandum was distributed to all VA administrations and staff offices on December 3, 2019. OIT requested the closure of Recommendation 3 based upon actions taken and information provided.

For Recommendation 4, the principal deputy assistant secretary reported that in March 2020, the Office of Strategic Sourcing conducted role-based training for employees who use the FITARA compliance tool. Trainees included the following groups: users of Forecast of Opportunities and Requirements Center for Excellence [acquisition system], users of the electronic contract management system, federal acquisition certification contract officer's representatives, program/project managers, and contracting employees. On-demand recordings of the trainings will be available to all VA employees by September 30, 2020.

OIG Response

The principal deputy assistant secretary for information and technology's comments are responsive to the recommendations. OIT requested the closure of Recommendation 3. The OIG considers Recommendation 3 closed based on actions reported and documentation provided. The OIG will monitor the implementation of the planned actions for Recommendations 1, 2, and 4 and will close these recommendations when the OIG receives sufficient evidence demonstrating progress in addressing the identified issues.

Regarding the OIG's nonconcurrence with VA's FITARA implementation policy, the OIG did not concur with the policy because it does not meet OMB's guidance. OMB's guidance indicates that agency policies should be implemented in a manner that does not impact the independence and authorities of inspectors general. The OIG will continue to work with VA on a solution that meets the needs of the department while also allowing the OIG to maintain its independence.

Finding 2: The CIO's Role in PPBE Processes for All IT Resources Did Not Meet FITARA Requirements

The audit team found the CIO did not have proper visibility and oversight over PPBE processes for all IT resources.²⁶ PPBE processes are the mechanisms for meeting the department's mission and goals while staying within fiscal constraints set by OMB and Congress. The OIG uses the term "IT appropriations" to include the IT systems appropriation and those specific funds authorized and used to acquire IT assets, as defined in the VA Directive 6008.²⁷ Specifically, the OIG found

- The CIO did not have oversight of PPBE processes for IT resources funded outside of IT appropriations,
- The CIO did not have a significant role in IT governance, and
- OIT's strategic planning process did not meet FITARA requirements.

VA's lack of compliance with FITARA's PPBE requirements resulted from the following factors:

- VA policy limits the CIO's oversight of IT resources
- VA lacks coordinated efforts to involve the CIO in PPBE processes
- VA lacks an agencywide IT governance process
- OIT's governance process was not fully functional
- OIT's strategic planning process was not fully functional

The limitations to the CIO's role and effectiveness in the management, governance, and oversight of IT across the VA affects the department's ability to achieve its goal to modernize systems and focus resources more efficiently.²⁸

What the OIG Did

The audit team focused on the CIO's role and involvement in the PPBE processes over VA IT resources, including oversight and reporting. Audit work included site visits to the VA Central Office and the Office of Acquisition, Logistics, and Construction's TAC. The audit team conducted interviews; performed observations of VA and OIT processes, systems, and associated

²⁶ OMB, Memo M-15-14, sec. A, para 1.

²⁷ VA Directive 6008, para 2.a, "Funding."

²⁸ VA *FY 2018–2024 Strategic Plan*, Strategic Goal 4, February 12, 2018.

data; and reviewed supporting documentation involving policy, processes, procedures, and actions taken across VA relating to the CIO's responsibilities under FITARA.

The finding discusses issues with the CIO's role in PPBE processes for VA IT resources, including oversight and governance, and the OIT's strategic planning in meeting FITARA requirements.

The CIO Did Not Have Oversight of PPBE Processes for IT Resources Funded Outside of IT Appropriations

FITARA requires the CIO to have a significant role in processes for all annual PPBE decisions and reports related to IT.²⁹ The audit team found VA's CIO had visibility, direct involvement, and oversight over the PPBE processes for VA IT resources funded with the IT appropriations. However, it also found the CIO did not have a significant role in the PPBE processes for IT resources funded outside IT appropriations. Specifically, the audit team determined that VA did not meet the following FITARA requirements, as detailed in OMB policy and guidance:³⁰

- Ensure that IT resources are distinctly identified and separated from non-IT resources during the planning, programming, and budgeting processes in a manner that affords agency CIOs appropriate visibility and specificity to provide effective management and oversight of IT resources.
- Ensure that the agencywide budget development process includes the chief financial officer, chief acquisition officer, and CIO in the planning, programming, and budgeting stages for programs that include all IT resources (not just programs that are primarily IT-oriented).
- The agency head, in consultation with the chief financial officer, chief acquisition officer, CIO, and program leaders, defines the processes by which program leaders work with the CIO to plan an overall portfolio of IT resources that achieve program and business objectives efficiently and effectively.
- Ensure that the CIO approves the IT components of any plans through a process defined by the agency head that balances IT investments with other uses of agency funding. Agencies must also ensure that the CIO is included in the internal planning processes for how the agency uses information resources to achieve its objectives at all points in the life cycle, including operations and disposition or migration.

²⁹ 40 USC 11319(b)(1)(A)(i) and (ii).

³⁰ OMB, Circular A-130, *Managing Information as a Strategic Resource*, para. 5.a.3a-d, July 28, 2016; OMB, Memo M-15-14, att. A, para. A1, B1, C1, F1.

VA Policy Limits the CIO's Oversight of IT Resources

VA Directive 6008, *Acquisition and Management of VA IT Assets*, originally issued on August 31, 2016, and revised on November 2, 2017, is VA's principal policy for the acquisition and management of IT resources. The original directive contained a definition of IT consistent with FITARA; affirmed the CIO's authority over all IT assets; and established policy for the development, acquisition, operation, and management of IT assets across VA. However, the November 2017 revision to the directive contains language that limits the CIO's visibility and oversight of IT resources.

Previous CIO LaVerne Council stated that the OIT developed the original policy document to provide discipline and support for VA administrations' purchases of IT resources, but that VHA would not sign off on the policy. OIT staff overseeing the directive and the OIT's former chief financial officer explained that the directive was revised in 2017 to gain concurrence from all administration and staff offices. The policy revision introduced many changes to responsibilities and guidance for funding IT resources. The revision also introduced the terms "IT" and "non-IT" to define assets and services funded by the IT systems and administration and staff office appropriations. The revisions included changes to the purpose and scope, policy, and responsibilities sections that limit the CIO's visibility and authority over IT PPBE processes across the agency. Some key revisions in November of 2017 included

- Limiting the requirement for compliance with "laws, executive mandates and VA CIO policy" relating to capital planning and investment control, investment management, and IT acquisitions to only those IT assets funded by IT appropriations;
- Limiting the CIO's oversight authority over VA IT assets to only those IT assets connecting to the VA network;
- Eliminating the CIO's responsibility to approve all use of non-IT funds for IT-related assets and services;
- Eliminating the requirement for the OIT to coordinate with administration and staff offices to ensure formal approval through the OIT Enterprise Program Management Office for IT-related capabilities funded and deployed at local sites; and
- Eliminating the requirement for administration and staff offices to submit an annual IT-related acquisition funding and disposal plan that includes planned submission and award dates, costs, and funding sources.

A former OIT chief financial officer explained that the policy revisions took into account all competing interests throughout VA to address what the OIT can manage without adversely impacting medical operations. The OIG found that the November 2017 revision to the directive does not comply with FITARA because it does not provide the CIO with visibility and involvement in all PPBE processes for managing VA's IT resources.

Recommendation 5 addresses the need for the department to modify VA Directive 6008 to clarify the CIO's authority and roles in the PPBE processes for all IT resources in accordance with FITARA.

VA Lacks Coordinated Efforts to Involve the CIO in PPBE Processes

VA does not have coordinated agencywide policies or processes for administration and staff offices to identify IT from non-IT resources funded with their respective appropriations accounts. In addition, VA does not have processes to include the CIO in the PPBE processes of those IT resources. During the OIT transformation initiative, the OIT created IT account manager positions within the Account Management Office. The IT account managers report to the CIO and coordinate with VA administrations and staff offices to manage IT project prioritization, balance portfolios, and allocate IT resources. The OIT has three IT account managers who manage portfolios for health IT, benefits/enterprise IT, and memorial/corporate IT resources. The audit team interviewed the IT account managers and found that although they interact with administration and staff offices on their overall IT needs, they only manage portfolios for IT resources funded by the IT appropriations. This means they do not manage IT resources funded by individual administration and staff office appropriations such as Veterans Benefits Administration general operating expenses or VHA medical facilities identified in Appendix A's table A.1.

The audit team interviewed VA's chief financial officer, chief acquisition officer, and executive director of the TAC, and corresponded with chief financial officers from VHA, the Veterans Benefits Administration, and the National Cemetery Administration about their coordination with the CIO and PPBE processes for IT resources funded by their individual appropriations. Information received from the VA chief financial officer and administration chief financial officers indicated administration and staff offices coordinate with IT account managers in developing individual portfolios for IT funded with the IT appropriations. However, they do not otherwise coordinate with the VA CIO on the PPBE processes for IT resources funded outside of the IT appropriations. The chief acquisition officer and executive director of the TAC indicated they were involved in VA's FITARA process from an acquisition perspective. While they used to be involved in a collaborative planning process with the OIT to prioritize and allocate the IT budget, this practice ended during the OIT transformation initiative.

The audit team interviewed VA's previous Senate-confirmed CIO and the FY 2018 acting CIOs about efforts related to PPBE processes for all IT across VA. The previous CIO stated she did not have visibility into details of IT acquisitions across VA and did not have authority over the procurement process. The acting CIO stated he was concerned about risks related to IT acquisitions outside of his oversight and that he was coordinating efforts to identify all IT acquisitions and gain transparency across VA. OIT staff informed the audit team that the OIT

only coordinates IT resources that are funded by the IT systems appropriation, while administration and staff offices manage the resources that are funded with their appropriations.

VA's Office of Enterprise Integration staff stated that the OIT's current IT requirements management process, which is handled by the OIT Account Management Office, is focused on prioritizing IT requirements within each business line portfolio. However, the focus on prioritization precludes the review, consideration, and satisfaction of similar requirements that can support multiple business lines and customers, as well as identifying opportunities to satisfy requirements through a shared service. The Office of Enterprise Integration is establishing a business architecture that integrates information needed for enterprise decision-making and will make enterprise goals and objectives traceable to business processes and activities. It is also developing a VA requirements integration and management system that will include IT PPBE requirements.

Recommendation 6 addresses the need for VA to develop and implement policies and procedures across all VA administrations and staff offices to specifically identify and separate IT resources from non-IT resources, regardless of funding appropriation.

Recommendation 7 calls on VA to establish policies and procedures to ensure that all administration and staff offices work with the CIO for PPBE processes for all IT resources and to manage VA's overall IT portfolio with resources that effectively achieve program and business objectives.

The CIO Did Not Have a Significant Role in IT Governance

OMB policy and guidance require that the CIO be a member of investment review boards and governance boards that inform decisions on all IT resources, including shadow IT, to ensure early matching of appropriate IT with program objectives.³¹ During FY 2018, the CIO was not a member of active department-level IT governance boards that made informed decisions and conducted oversight of IT planning and acquisitions across the agency. In addition, internal OIT governance frameworks being developed since FY 2016 primarily addressed issues internal to OIT and IT funded with the IT appropriations and were not fully functional in FY 2018.

VA Lacks an Agencywide IT Governance Process

During the OIT transformation initiative, department-level IT governance boards with membership across VA administration and staff offices were disbanded, creating a void in CIO involvement in overall IT governance across the agency. Although the OIT intended to

³¹ OMB Circular A-130, para. 5.b.2-3; OMB, Memo M-15-14, att. B, "Definitions of Terms for Purposes of this Guidance." Shadow IT is defined as spending on IT that is not fully transparent to the agency CIO and/or IT resources included as a portion of a program that is not primarily of an "information technology" purpose but delivers IT capabilities or contains IT resources.

incorporate some of the IT governance boards' functions into IT account manager positions and an OIT governance framework beginning in FY 2016, these actions did not meet OMB requirements for ensuring the CIO's involvement in agencywide IT governance.

The IT leadership board (ITLB) charter stated that "the ITLB represents the Information and Technology services, strategies, principles, governance, and resources for all IT that supports business organizations across VA." OIT staff and a former senior manager stated that in FY 2016, the board was dissolved and its functions were incorporated into the new OIT governance framework and responsibilities of newly created IT account manager positions. According to a former OIT senior manager, the ITLB had not met since prior to FY 2016 and the CIO made the decision to dissolve the board. The CIO believed that the IT account managers would represent the interests of their customers and IT resources across the agency and that customers did not need to participate individually in this governance.

The PPBE board charter stated, "To improve upon IT governance overseeing IT capital investments it is necessary to create a board, responsible to the Information Technology Leadership Board, to perform the planning, programming, budgeting and execution functions associated with effective management and control" and "the IT [PPBE board] and the ITLB are foundational department-wide IT governance boards." OIT staff and a former senior manager stated that the PPBE board was more of a working group that shared IT budgets with customers rather than a governance board. The PPBE board also shared VA-wide membership with the IT/non-IT workgroup, which still exists and makes decisions on whether IT needs to be funded with the IT appropriation. A current senior manager stated that in FY 2016, the CIO did not feel the PPBE board provided value-added benefit and incorporated it into the new OIT governance framework.

The OIT created an IT account manager position that reports to the CIO to coordinate IT resource needs with VA administrations and staff offices. However, the IT account managers only manage portfolios for IT resources funded with the IT appropriations. In addition, the OIT governance frameworks included only almost exclusively OIT staff, FY 2018 meetings did not address IT funded outside of the IT appropriations, and the frameworks were not fully functional in FY 2018. A former OIT senior manager stated that he wanted to have a board made up of executives from different VA offices and administrations and have strong IT discussions. Although OIT staff worked with the Office of Enterprise Integration and tried to push for a stronger VA IT governance process, they found the former VA governance system was not empowered or resourced to provide the necessary guidance and output for IT across the VA enterprise. The VA IT boards' hierarchy and current status are identified in Appendix A figure A.2. The VA organizational charts are included in Appendix A. figure A.1 provides a graphical depiction of offices and flow to the VA CIO, who is also referred to as the assistant secretary for information technology.

In response to a request from the audit team, the OIT provided information on VA-wide governance boards with CIO membership that informed IT decisions across the agency:

- VA executive board
- VA operations board
- VA modernization board
- President's management council
- Joint executive committee
- Electronic Health Record Modernization and MISSION Act Program Management Review board
- Benefits systems executive board

Office of Enterprise Integration staff stated the VA executive board has been inactive since 2014; some of the boards, including the VA operations board, were created very recently; and others have limited jurisdictions. The Office of Enterprise Integration staff further stated very few of these boards prioritize IT investments and their activities would not satisfy governance requirements for IT planning and programming. Based on the dissolution of VA's primary department-level IT governance boards with membership across VA administration and staff offices, and information provided by the Office of Enterprise Integration, the audit team concluded that VA did not meet the FITARA requirement that the CIO have a significant role in VA IT governance and oversight in FY 2018.

Recommendation 8 addresses the need for oversight processes to ensure that the CIO is a member of VA governance boards that make planning decisions for IT acquisitions across the agency.

OIT's Governance Process Not Fully Functional

The OIT governance structure developed in FY 2016 as part of OIT's transformation initiative included 11 boards focused on OIT's strategies, solutions, and standards. According to a former OIT senior manager, the governance structure was not functioning as intended and OIT managers paused its activity in the summer of 2017. Specifically, current and former OIT staff stated that the original intent of the boards was to focus more on strategy than on business operations, and this was not fully understood by OIT staff or implemented within the boards' oversight processes. The boards struggled with meeting protocol requirements, membership availability, lack of compelling topics, and a lack of permanent OIT leadership. In 2017, the OIT had numerous changes in personnel, including senior managers, and none of the boards were meeting. The OIT paused the governance framework to consider improving the overall structure.

In late 2017, the OIT stood up the Office of Strategic Planning and Analysis, which created a new OIT governance framework comprising the OIT governance oversight board supported by three councils that, in turn, were supported by 12 committees. The CIO is named as the chair of the governance oversight board and a member of the three councils. The audit team analyzed the framework at the end of FY 2018 to determine its level of maturity. The analysis showed that all charters were still in draft form and meetings involving the new structure were limited. This new framework did not meet the FITARA requirement that the CIO have a significant role in VA IT governance because the framework had limited functionality during FY 2018, did not address IT acquisitions funded outside of the IT appropriations account, and was still under development at the end of the year.

Specifically, the audit team found under the FY 2018 OIT governance framework, there were two governance oversight board meetings, seven meetings within the councils, and nine meetings within the committees.

The CIO attended one of the governance oversight board meetings, which he chaired. The audit team reviewed the underlying draft board charters and meeting minutes from FY 2018 and noted that subject areas were limited to IT resources funded with the IT appropriation account, not all IT resources across the enterprise.

A former OIT senior manager stated that as of June 2018, the lack of permanent leadership combined with the turnover in senior manager positions made it hard to implement a new governance process. Office of Strategic Planning and Analysis staff stated that the function and format of this framework was still being developed and refined. At the end of FY 2018, some committees were merged, and other committees were added, indicating further development of the framework was in process.

During FY 2018, the acting CIO held senior leadership team meetings outside of the formal governance process. Of the eight senior leadership team meetings for which meeting notes were prepared and reviewed by the audit team, seven were attended by the former VA CIO. The meetings facilitated functional and management decisions by OIT's senior managers within the OIT. However, documentation for these meetings was not consistent and activities of the senior leadership team did not rise to the level of overall OIT governance as outlined in OMB guidance.³²

Recommendation 9 addresses the need for the OIT to complete development and implementation of the VA OIT governance framework to ensure FITARA compliance.

³² OMB, Circular A-130, para. 5.b.

OIT's Strategic Planning Process Did Not Meet FITARA Requirements

Required OIT strategic planning documents were not developed, or therefore published, in FY 2018. FITARA requires agency CIOs to have a significant role in IT decisions, including annual planning, programming, budgeting, execution, and oversight functions. Despite FITARA strategic planning requirements, the audit team determined that the Office of Strategic Planning and Analysis did not develop or publish the following documents in FY 2018 as required by VA policy:³³

- **Annual Strategic Planning Guidance:** Provides direction to OIT personnel involved in the multiyear programming process to help them objectively assess and prioritize programs for resourcing.³⁴ Annual planning guidance is subject to review and approval by the CIO.
- **Annual IT Management and Accountability Report:** Provides OIT performance information such as strategic goals, objectives, and fiscal year performance objectives. This management tool provides a basis for assessing the organization's effectiveness.

In the absence of published strategic planning guidance in FY 2018, OIT could not document that individual strategic plans developed for VA administration and staff offices by IT account managers were approved by the CIO. Without a published Annual IT Management and Accountability report, OIT did not have a basis to assess organizational effectiveness when compared to overall performance goals.

OIT's Strategic Planning Process Was Not Fully Functional

OIT's strategic planning process was not in place during FY 2016 because the individual retired who had performed this function within OIT's previous Architecture, Strategy, and Design Office. The break in the strategic planning process occurred because the position was not backfilled during OIT's transformation initiative. The strategic planning process resumed in December 2017 with the establishment of OIT's Office of Strategic Planning and Analysis. Staff stated that their office was formed, in part, to address gaps in the VA OIT planning process—the first phase of the PPBE process.

The Office of IT Budget and Finance compensated for the lack of published OIT strategic planning guidance by using information from different sources, such as VA's strategic plan, and working with IT account managers to inform the programming phase of the PPBE processes. IT Budget and Finance staff also referenced the 2017 Comprehensive IT Plan that they used as an

³³ VA Directive 6052, *Information Technology Strategic Planning*, para. 3.d., April 23, 2009.

³⁴ VA OIT's process asset library describes OIT programming (PPBE-02) as a multiyear programming process that includes the development of IT portfolios and a VA IT resource allocation plan that aligns resources with agency priority goals and IT strategic initiatives to satisfy the department's needs over a five-year horizon.

additional source of information but said that information from these sources did not replace the planning guidance that provided the “specific OIT filter” of the VA strategic documents that inform their PPBE processes in the OIT. The director of strategic planning and governance stated the comprehensive IT plan was developed so the OIT could determine the status of IT projects and how they were moving forward, but it was not considered strategic planning guidance. At the end of FY 2018 the Office of Strategic Planning and Analysis was still in the staffing and standing up process and was refining strategic planning processes that will affect the VA OIT planning process.

Recommendation 10 addresses the need for the OIT to fully implement the functionality of the Office of Strategic Planning and Analysis to ensure FITARA compliance regarding IT strategic planning.

Conclusion

Until VA fully implements FITARA and OMB’s requirements for enhanced CIO authority over all PPBE processes and IT governance across the department, the agency will continue to have limited CIO visibility and input into planned IT expenditures and oversight over VA IT resources. This could result in ineffective and inefficient use of IT resources, as well as inaccurate accounting, tracking, and reporting of IT across VA. In addition, VA could make IT investments that are not coordinated or integrated across programs and organizations, are not aligned with VA’s strategic goals, or fail to meet future VA mission requirements.

Since the enactment of FITARA, VA has undergone an OIT transformation initiative that included developing new policies, functions, and processes dedicated to meeting the requirements identified within FITARA and OMB guidance. However, most of these actions have been OIT-driven and have not been implemented from an agencywide perspective or directed from the agency head. Consequently, the CIO’s visibility and oversight over all IT, regardless of type or funding, remains limited. Organizational change and instability within the OIT also potentially limits the CIO’s role and effectiveness in IT management, governance, and oversight across VA. Per VA Office of Enterprise Management staff, agencywide governance and visibility into all IT resources, regardless of appropriation, would help oversight of business transformation efforts to maximize the return on IT investments across the enterprise.

Recommendations 5–10

The OIG recommended the VA chief of staff ensure the chief information officer, in conjunction with VA administration and staff offices, completes the following activities:

5. Revise VA Directive 6008 to clarify the chief information officer’s authority and roles in the planning, programming, budgeting, and execution of all information technology resources.

6. Develop and implement policies and procedures across all VA administration and staff offices to specifically identify and separate information technology resources from non-information technology resources, regardless of funding appropriation.
7. Establish policies and procedures for all VA administration and staff offices to work with the chief information officer for planning, programming, budgeting, and execution of all information technology resources and to manage VA's overall information technology portfolio with resources that effectively achieve program and business objectives.
8. Establish and implement department-level information technology governance and oversight processes to ensure that the chief information officer is a member of VA governance boards that inform decisions on all information technology resources across the agency, regardless of funding appropriation.

The VA assistant secretary for information and technology should complete the following activities:

9. Fully develop and implement the Office of Information and Technology governance framework to ensure Federal Information Technology Acquisition Reform Act requirements are met.
10. Fully implement the functionality of the Office of Strategic Planning and Analysis to ensure Federal Information Technology Acquisition Reform Act compliance for information technology strategic planning.

Management Comments

VA's chief of staff concurred with the four recommendations directed to her and the assistant secretary for information and technology concurred with the two recommendations directed to him. The principal deputy assistant secretary for information and technology provided corrective action plans that are responsive to the six recommendations.³⁵ For Recommendation 5, the principal deputy assistant secretary reported that VA Directive 6008, Acquisition and Management of VA Information Technology Resources, is currently under revision. The revised directive and handbook will clarify the CIO's authority and roles in the planning, programming, budgeting, and execution of all IT resources. Upon completion of the revisions, the handbook will be distributed for agencywide review and concurrence prior to final publication.

For Recommendation 6, the principal deputy assistant secretary reported that OIT and the Office of Enterprise Integration developed an interim policy on complying with FITARA which states,

³⁵ VA provided written communication indicating the VA chief of staff and the assistant secretary for information and technology concurred with the corrective action plan provided by the principal deputy assistant secretary for information and technology. The principal deputy's response is included as Appendix D.

“under FITARA, all IT acquisitions are subject to specific review requirements, regardless of dollar value, funding authority, funding appropriation, or other considerations.”

For Recommendation 7, the principal deputy assistant secretary reported that VA is developing and implementing a department-wide planning, programming, budgeting, and execution process to better coordinate the IT needs and dependencies of VA staff offices and administrations to ensure OIT is properly resourced in support of the enterprise delivery of the technology solutions necessary for VA to provide benefits and services to veterans.

For Recommendation 8, the principal deputy assistant secretary reported that the OIT established an IT governance framework that aligns with the VA governance boards, of which the CIO is a member. The Office of Quality, Performance, and Risk is in the process of “maturing” the IT governance framework to broaden IT governance participation to include business partners and stakeholders.

For Recommendation 9, the principal deputy assistant secretary reported that the IT governance framework policy draft is complete and nearing final signature. The IT governance board charter was approved on January 23, 2020. All VA IT governance bodies are expected to enable efficient decision-making, manage risk, and promote the timely sharing of information on matters of mutual interest between and among VA’s administrations and staff offices.

For Recommendation 10, the principal deputy assistant secretary reported that the IT Strategic Planning Ecosystem is a new planning process and serves as a model for integration and engagement with staff and experts from across VA. The OIT began with an environmental scan, analysis of key legislation, exploration of current and pending legislation, budget analysis, and a deep review of VA’s five-year strategic plan and associated future scenarios. He also reported that OIT’s plan provides clarity on how technology will advance the secretary’s priorities and support the department’s five-year strategic plan. VA will provide additional details at the time of the report’s 90-day follow-up.

OIG Response

The principal deputy assistant secretary for information and technology’s comments are responsive to the recommendations. The OIG will monitor the implementation of the planned actions for Recommendations 5–10 and will close these recommendations when the OIG receives sufficient evidence demonstrating progress in addressing the identified issues.

Appendix A: Background

VA OIT Organizational Charts

Figure A.1 below identifies the OIT organizational structure as of December 2018 in the VA Functional Organization Manual version 5.0.

Department of Veterans Affairs

Functional Organization Manual Version 5.0

Office of Information and Technology

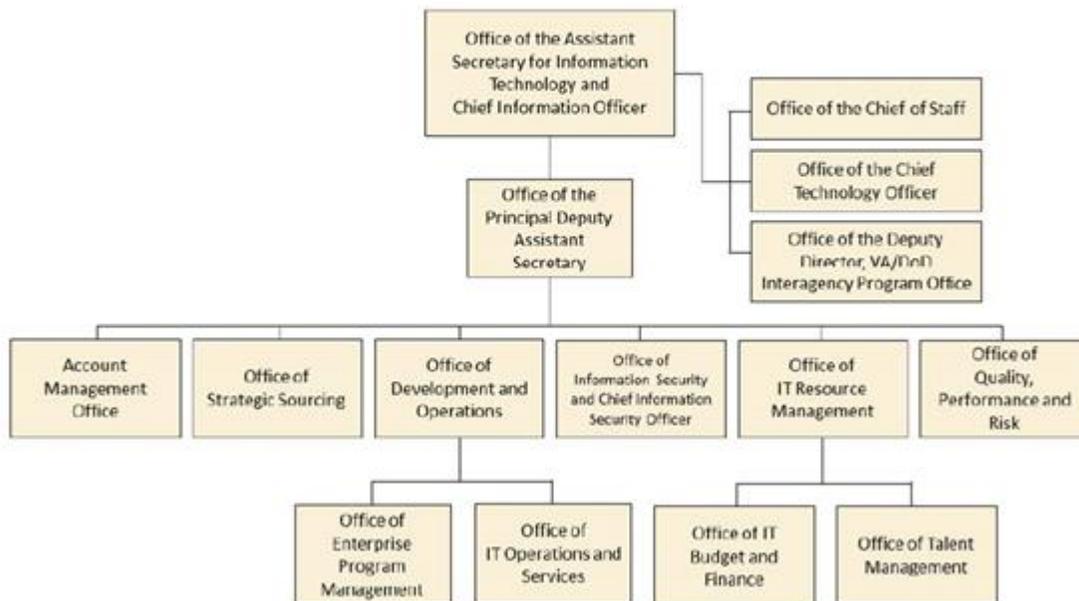


Figure A.1. VA OIT organizational chart

Source: VA Functional Organization Manual version 5.0 dated December 2018

VA IT Boards

Figure A.2 identifies the hierarchy of VA IT governance boards prior to the VA OIT transformation initiated in FY 2016. During the transformation initiative, the IT leadership board and the IT planning, programming, budget, and execution board were disbanded and replaced with functions within the OIT governance structure. The audit team found the VA executive board has been inactive since FY 2014.

The VA Information Technology Budget Formulation and Planning Process

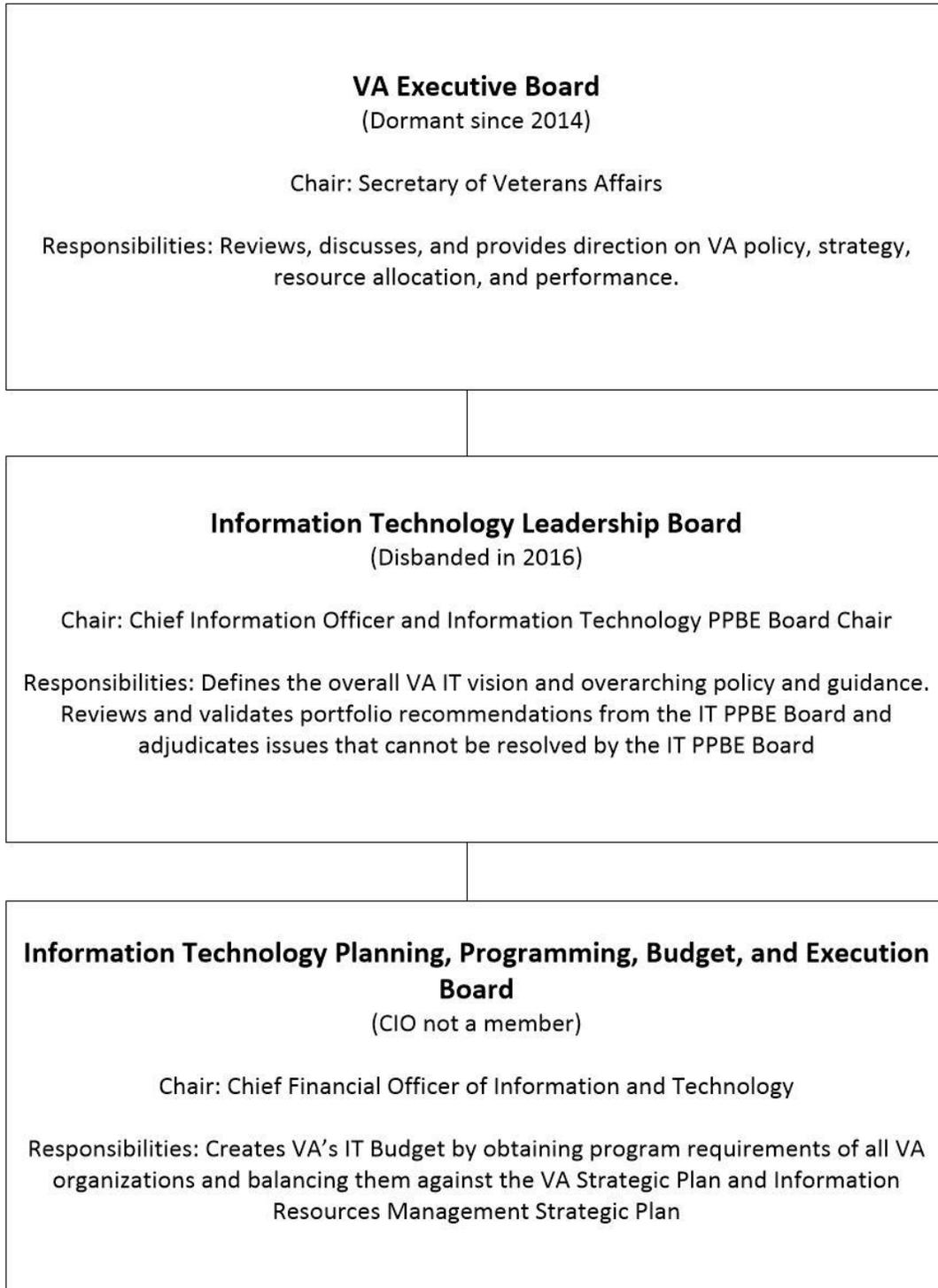


Figure A.2. VA IT boards for budget formulation and planning process

Source: VA OIG analysis of VA OIT's Annual Update to the 2015 FITARA Implementation Plan and Self-Assessment, April 2016

Population of VA IT Acquisitions

Table A.1 lists all IT acquisitions identified from eCMS transactions resulting in a positive obligation during the first three quarters of FY 2018, along with the Treasury symbol accounts and associated codes retrieved within the eCMS data. The specific code translation was developed from the September 2018 Treasury Financial Manual Supplement, *Federal Account Symbols and Titles (FAST) BOOK, Agency Identifier Codes*.³⁶

Table A.1. Obligations and Associated Treasury Symbol Accounts

Code	Treasury symbol account	eCMS transactions	Obligated amount in dollars
0111	Construction Minor Projects, VA	4	90,637
0129	National Cemetery Administration, VA	22	743,983
0137	Veterans Benefits Administration Readjustment Benefits, VA	5	320,541
0142	General Administration, Departmental Administration, VA	21	19,292,659
0151	General Operating Expenses, Veterans Benefits Administration, VA	69	114,079,916
0152	Expenses, Medical Support and Compliance, VA	418	32,978,049
0160	Expenses, Medical Services, VA	1,686	182,985,485
0161	Medical and Prosthetic Research, VA	61	4,457,333
0162	Medical Facilities, VA	602	31,448,517
0167	Information Technology Systems, Departmental Administration, VA	1,775	2,346,987,180
0169	Joint DOD-VA Medical Facility Demonstration Fund, VA	15	1,496,009
0170	Office of the Inspector General, Departmental Administration, VA	5	175,406
0172	Veterans Choice Fund, Veterans Health Administration, VA	23	197,448,368
1122	Board of Veterans Appeals, Departmental Administration, VA	2	154,628

³⁶ “Treasury Financial Manual Supplement: Detailed Fund Account Symbols and Titles assigned by the Department of the Treasury,” Treasury website, accessed September 12, 2019, <https://fiscal.treasury.gov/files/fast-book/fastbook-september-2018.pdf>.

Code	Treasury symbol account	eCMS transactions	Obligated amount in dollars
1123	Veterans Electronic Health Care Record, Departmental Administration, VA	4	230,259,850
4537	Supply Fund, VA	41	18,014,218
4539	Franchise Fund, VA	231	290,607,154
8180	General Post Fund, National Homes, VA	16	239,039
	Total	5,000	3,471,778,970

Source: VA OIG analysis of eCMS data collection in FY 2018 Q1-3

Note: Some items do not sum due to rounding³⁷

Product Service Codes Used to Identify VA IT Acquisitions

The product service code is a four-digit code used by government contracting activities for identifying and classifying the products, services, and research and development that are purchased under contract. There are 19 categories of product service codes (table A.2) and 2,906 specific product codes designated in the Product and Service Code Manual dated October 1, 2015, and updated in category alignment document dated June 21, 2018.³⁸

Table A.2. Product Service Code Categories

Category	Category description
1	Information Technology
2	Professional Services
3	Security & Protection
4	Facilities & Construction
5	Industrial Products & Service
6	Office Management
7	Transportation & Logistics Services
8	Travel & Lodging
9	Human Capital
10	Medical

³⁷ There were six transactions identified with invalid Treasury codes found within eCMS data retrieved. Each of these were researched and updated to the appropriate account by the audit team.

³⁸ “General Services Administration (GSA) Product and Service Code Manual: Government-Wide Category Management Program,” GSA website, accessed February 8, 2019, https://www.acquisition.gov/PSC_Manual.

Category	Category description
11	Aircraft, Ships/Submarines & Land Vehicles
12	Weapons & Ammunition
13	Electronic & Communication Equipment
14	Sustainment S&E
15	Clothing, Textiles & Subsistence S&E
16	Miscellaneous S&E
17	Research & Development
18	Equipment Related Services
19	Electronic & Communication Services

Source: Final product service code alignment document dated June 21, 2018, provided on the Acquisition.gov website of the Product and Service Code Manual page

Table A.3 lists all 72 product service codes identified in the IT category. These are the only product service codes used during the scope of this audit to identify the CIO's review and approval of IT acquisitions.

Table A.3. IT Product Service Code and Description

Product service code (description)
D301 (IT and Telecom-Facility Operation and Maintenance)
D302 (IT and Telecom-Systems Development)
D303 (IT and Telecom-Data Entry)
D304 (IT and Telecom-Telecommunications and Transmission)
D305 (IT and Telecom-Teleprocessing, Timeshare, and Cloud Computing)
D306 (IT and Telecom-Systems Analysis)
D307 (IT and Telecom-IT Strategy and Architecture)
D308 (IT and Telecom-Programming)
D309 (IT and Telecom-Information and Data Broadcasting or Data Distribution)
D310 (IT and Telecom-Cyber Security and Data Backup)
D311 (IT and Telecom-Data Conversion)
D312 (IT and Telecom-Optical Scanning)
D313 (IT and Telecom-Computer Aided Design/Computer Aided Manufacturing (CAD/CAM))
D314 (IT and Telecom-System Acquisition Support)
D315 (IT and Telecom-Digitizing)

Product service code (description)
D316 (IT and Telecom-Telecommunications Network Management)
D317 (IT and Telecom-Web-based Subscription)
D318 (IT and Telecom-Integrated Hardware/Software/Services Solutions, Predominantly Services)
D319 (IT and Telecom-Annual Software Maintenance Service Plans)
D320 (IT and Telecom-Annual Hardware Maintenance Service Plans)
D321 (IT and Telecom-Help Desk)
D322 (IT and Telecom-Internet)
D324 (IT and Telecom-Business Continuity)
D325 (IT and Telecom-Data Centers and Storage)
D399 (IT and Telecom-Other IT and Telecommunications)
H170 (Quality Control-ADP Equipment/Software/Supplies/Support Equipment)
H970 (Other QC/Test/Inspect-ADP Equipment/Software/Supplies/Support Equipment)
J058 (Maint/Repair/Rebuild of Equipment-Communication, Detection, and Coherent Radiation Equipment)
J060 (Maint/Repair/Rebuild of Equipment-Fiber Optics Materials, Components, Assemblies, and Accessories)
J070 (Maint/Repair/Rebuild of Equipment-ADP Equipment/Software/Supplies/Support Equipment)
J099 (Maint/Repair/Rebuild of Equipment-Miscellaneous)
K060 (Modification of Equipment-Fiber Optics Materials, Components, Assemblies, and Accessories)
K070 (Modification of Equipment-ADP Equipment/Software/Supplies/Support Equipment)
L070 (Technical Representative-ADP Equipment/Software/Supplies/Support Equipment)
N058 (Installation of Equipment-Communication, Detection, and Coherent Radiation Equipment)
N060 (Installation of Equipment-Fiber Optics Materials, Components, Assemblies, and Accessories)
N070 (Installation of Equipment-ADP Equipment/Software/Supplies/Support Equipment)
R409 (Program Review/Development Services)
R413 (Support-Professional: Specifications Development)
R415 (Support-Professional: Technology Sharing/Utilization)
W058 (Lease or Rental of Equipment-Communication, Detection, and Coherent Radiation Equipment)

Product service code (description)
W070 (Lease or Rental of Equipment–Information Technology Equipment/Software/Supplies/Support Equipment)
5805 (Telephone and Telegraph Equipment)
5810 (Communications Security Equipment and Components)
5811 (Other Cryptologic Equipment and Components)
5820 (Radio and Television Communication. Equipment, Except Airborne)
5821 (Radio and Television Communication. Equipment, Airborne)
5850 (Visible and Invisible Light Communication Equipment)
5895 (Miscellaneous Communication Equipment)
6010 (Fiber Optic Conductors)
6015 (Fiber Optic Cables)
6020 (Fiber Optic Cable Assemblies and Harnesses)
6021 (Fiber Optic Switches)
6030 (Fiber Optic Devices)
6032 (Fiber Optic Light Sources and Photo Detectors)
6035 (Fiber Optic Light Transfer and Image Transfer Devices)
6060 (Fiber Optic Interconnectors)
6070 (Fiber Optic Accessories and Supplies)
6080 (Fiber Optic Kits and Sets)
6099 (Miscellaneous Fiber Optic Components)
7010 (Information Technology Equipment System Configuration)
7020 (Information Technology Central Processing Unit (CPU, Computer), Analog)
7021 (Information Technology Central Processing Unit (CPU, Computer), Digital)
7022 (Information Technology Central Processing Unit (CPU, Computer), Hybrid)
7025 (Information Technology Input/Output and Storage Devices)
7030 (Information Technology Software)
7035 (Information Technology Support Equipment)
7040 (Punched Card Equipment)
7042 (Mini and Micro Computer Control Devices)
7045 (Information Technology Supplies)
7050 (Information Technology Components)
7435 (Office Information System Equipment)

Source: Final product service code alignment document dated June 21, 2018, provided on the Acquisition.gov website of the Product and Service Code Manual page

Appendix B: Scope and Methodology

Scope

The OIG conducted its work from June 2018 to April 2019. The audit covered the CIO's role during FY 2018 including the authority and oversight of VA IT resources and acquisitions as required by FITARA, Section 831, and associated OMB guidance.

Methodology

To accomplish its objective, the audit team conducted interviews; performed observations of applicable systems and associated data; and reviewed supporting documentation involving policy, processes, procedures, and actions taken across the organization to implement FITARA. The audit team completed four site visits during the audit. The first site visit was to the VA Central Office to interview personnel centrally involved in the planning, governance, oversight, and management of VA IT. The audit team completed its remaining site visits to VA acquisition entities, which included site visits to VA Technology Acquisition Centers and the core IT acquisition authority for VA in Eatontown, New Jersey, and Austin, Texas. The audit team also visited VHA's Network Contracting Office for Veteran Integrated Service Network 8 in Tampa, Florida. The audit team conducted interviews with CIO and OIT staff, VA's chief acquisition officers, VA's chief financial officers, and associated entities.

The audit team reviewed a random sample of 497 eCMS transactions for IT acquisitions occurring between October 1, 2017, and June 30, 2018, to determine whether these acquisitions were compliant with FITARA Section 831 review and approval requirements.³⁹ Appendix C provides more information on the audit team's statistical sampling methodology and results. The audit team used VA's eCMS to review the sample acquisition folders and data, as well as relevant documentation required to assess whether the CIO review and approval of IT acquisitions were sufficient to comply with FITARA and OMB requirements. The audit team projected and reported costs of investments outside the oversight and authority of the CIO. The team discussed the findings with VA officials and included their comments where appropriate.

Fraud Assessment

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators. The OIG did not identify any instances of fraud or potential fraud specific to the FITARA program, implementation efforts, or IT acquisitions during this audit.

³⁹ 40 U.S.C. § 11319(b)(1)(C).

Data Reliability

The audit team used computer-processed data from VA's eCMS. To test for reliability, the team determined whether any data were missing from key fields, included any calculation errors, or were outside the timeframe requested. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the team compared obligation amounts and contract entities involved in the data received in the 497 contract action folders reviewed.

Testing of the data disclosed that they were sufficiently reliable for the audit objectives. Comparison of the data with information contained in eCMS and associated contracts reviewed did not disclose any problems with data reliability.

Government Standards

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The OIG believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

Appendix C: Statistical Sampling Methodology

Sampling Methodology

To develop the sample of IT acquisitions for testing, the audit team first collected all eCMS transactions occurring between October 1, 2017, and June 30, 2018.⁴⁰ This initial collection of transactions included duplicates and material not considered to be IT acquisitions based on product service code designation. The product service code is a four-digit code used by government contracting activities for identifying and classifying the products, services, and research and development that are purchased under contract. There are 19 categories of product services codes and 2,906 specific product codes designated in the Product Service Code Manual, one of those categories is IT. From data obtained during this process, the team then selected only transactions involving the 72 IT-derived product service codes found within the eCMS acquisition transactions.⁴¹ Appendix A's table A.2 provides a listing of the categories and table A.3 provides a listing of IT code descriptions.

The audit team further reduced these transactions to include only positive obligations, resulting in 5,000 transactions from which a sample was selected for further review and analysis. The audit team then analyzed the sample to determine the extent of CIO involvement in the review and approval process.

Population

The universe of acquisitions was all eCMS transactions within the scope period. The universe of IT acquisitions for review of CIO involvement included all transactions that involved one of the 72 IT-derived product service codes found within eCMS.

Sampling Design

The sampling design for the IT acquisition review was organized into eight strata or groups. Table C.1 identifies and defines each of the eight groups, the OIT review and approval management system used, the number of transactions included in each group, and the number of transactions selected in each group for testing.

⁴⁰VA Procurement Policy Memo (2018-03) dated Jan 26, 2018, establishes mandatory use of eCMS as the system of record for contract actions and associated document storage within the VA.

⁴¹ In 2015, the category management leadership council and OMB developed a government-wide category structure to support category management implementation across the federal government. Categories are identified in the Federal Procurement Data System Product and Service Codes Manual.

Table C.1. OIG Review and Approval Sample Selection Criteria

Group	Definition	OIT review system	Number of eCMS transactions	Number of transactions selected for testing
1	Quarter 1–2: IT transactions within IT systems appropriation account	ITARS	1,101	50
2	Quarter 1–2: IT transactions outside IT systems appropriation account	ITARS	2,248	50
3	Quarter 3: IT transactions within IT systems appropriation account and under \$100K-processed within the TAC	ARM	190	50
4	Quarter 3: IT transactions within IT systems appropriation accounts and under \$100K-processed outside the TAC	ARM	185	50
5	Quarter 3: IT transactions outside IT systems appropriation account and under \$100K-processed within the TAC	ARM	61	61
6	Quarter 3: IT transactions outside IT systems appropriation account and under \$100K-processed outside the TAC	ARM	708	57
7	Quarter 3: All IT transactions over \$100K-processed within the TAC	ARM	378	50
8	Quarter 3: All IT transactions over \$100k-processed outside the TAC	ARM	129	129
	Totals		5,000	497

Source: VA OIG analysis of eCMS transactions used and number selected to sample, January 2019

Weights

An OIG statistician calculated estimates in this report using weighted sample data. Sampling weights are computed by taking the product of the inverse of the probabilities of selection at each stage of sampling.

Projections and Margins of Error

The point estimate (estimated error) is an estimate of the population parameter obtained by sampling. The margins of error and confidence interval associated with each point estimate are measures of the precision of the point estimate that accounts for the sampling methodology used. If the OIG repeated this review with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate the weighted population estimates and associated sampling errors. This software uses replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement does not significantly change as more records are added to the sample review.

Figure C.1 shows the effect of progressively larger sample sizes on the margin of error.

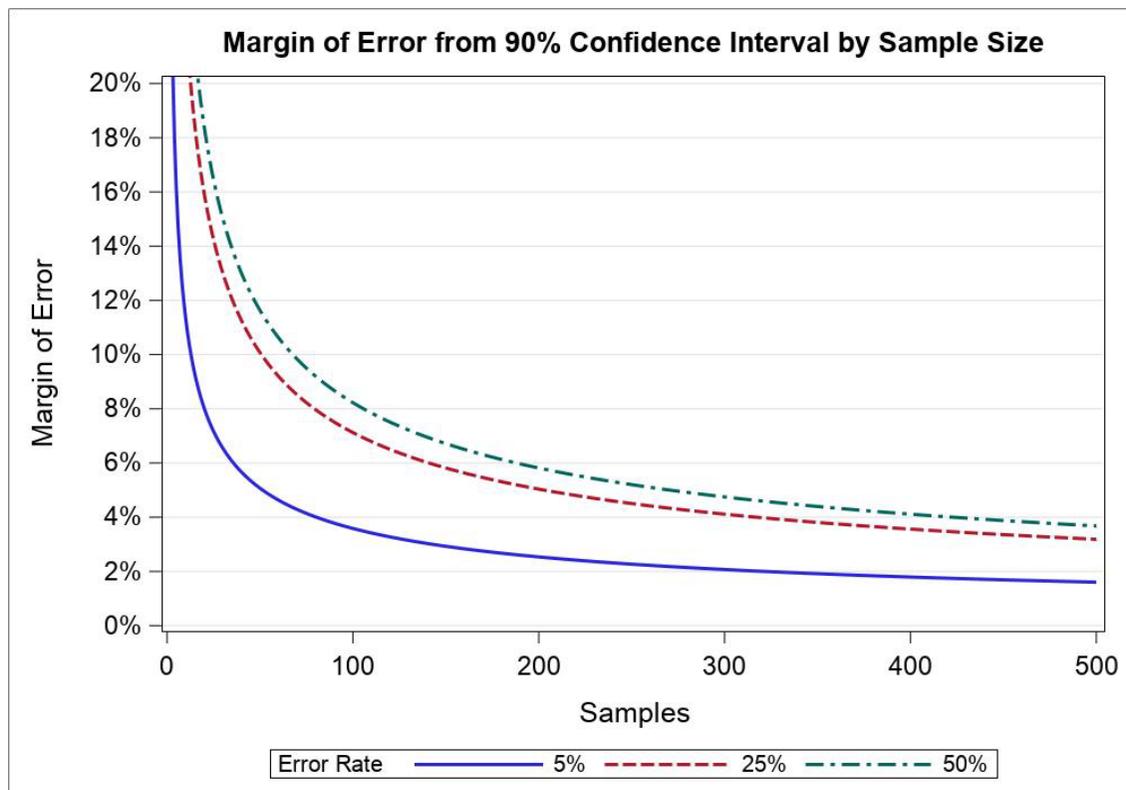


Figure C.1. Effect of sample size on the margin of error

Source: VA OIG statistician's analysis

Table C.2 details the audit projection for the dollar value and percent of IT acquisitions reviewed by the CIO or delegate during the scope of the audit.

Table C.2. CIO or Delegate Involvement of Review and Approval of IT Acquisitions from October 2017 through June 2018

Category	CIO or delegate involvement	Estimate	Margin of error	Lower 90% confidence interval	Upper 90% confidence interval	Sample count
Dollar value	Yes	\$2.41 bil	\$829 mil	\$1.58 bil	\$3.24 bil	205
	No	\$1.06 bil	\$547 mil	\$513 mil	\$1.61 bil	289
	Not tested	\$751,441	N/A	\$751,441	\$751,441	3
Percent of transactions	Yes	29.2	3.2	26.0	32.4	205
	No	70.7	3.2	67.5	74.0	289
	Not tested	0.1	N/A	N/A	N/A	3*

Source: VA OIG analysis of eCMS transactions in FY 2018 quarters 1–3, January 2019

Note: some items do not sum due to rounding

*During testing of the sample, there were three IT transactions in group eight with unreadable/inaccessible data; the team was unable to determine CIO/delegate review and approval on these transactions.

Table C.3 details the audit projections for the IT transactions processed through the TAC and percent of IT acquisitions reviewed by the CIO or delegate during the scope of the audit.

Table C.3. Sample Projections of CIO or Delegate Involvement of Review and Approval of IT Acquisitions Processed through the TAC

Category	CIO or delegate involvement	Estimate	Margin of error	Lower 90% confidence interval	Upper 90% confidence interval	Sample count
Transactions	Yes	1,174	212	962	1,385	165
	No	253	137	115	390	27
Percent of transactions	Yes	82	9	74	91	165
	No	18	9	9	26	27

Source: VA OIG analysis of transactions processed through the TAC in FY 2018 quarters 1–3, May 2020

Note: some items do not sum due to rounding

Table C.4 details the audit projections for the IT transactions not processed through the TAC and percent of IT acquisitions reviewed by the CIO or delegate during the scope of the audit.

Table C.4. Sample Projections of CIO or Delegate Involvement of Review and Approval of IT Acquisitions not Processed Through the TAC

Category	CIO or delegate involvement	Estimate	Margin of error	Lower 90% confidence interval	Upper 90% confidence interval	Sample count
Transactions	Yes	287	106	181	392	40
	No	3,287	485	2,803	3,772	265
Percent of transactions	Yes	8	3	5	11	40
	No	92	3	89	95	265

Source: VA OIG analysis of transactions not processed through the TAC in FY 2018 quarters 1–3, May 2020

Note: some items do not sum due to rounding

Table C.5 details the audit projections for the IT transactions funded with IT systems appropriation and percent of IT acquisitions reviewed by the CIO or delegate during the scope of the audit.

Table C.5. Sample Projections of CIO or Delegate Involvement of Review and Approval of IT Acquisitions Funded with IT Systems Appropriation

Category	CIO or delegate involvement	Estimate	Margin of error	Lower 90% confidence interval	Upper 90% confidence interval	Sample count
Transactions	Yes	1,267	208	1,059	1,475	139
	No	514	150	364	664	53
Percent of transactions	Yes	71	7	64	78	139
	No	29	7	22	36	53

Source: VA OIG analysis of transactions funded with IT systems appropriation in FY 2018 quarters 1–3, May 2020

Note: some items do not sum due to rounding

Table C.6 details the audit projections for the IT transactions funded without IT systems appropriation and percent of IT acquisitions reviewed by the CIO or delegate during the scope of the audit.

Table C.6. Sample Projections of CIO or Delegate Involvement of Review and Approval of IT Acquisitions Funded without IT Systems Appropriation

Category	CIO or delegate involvement	Estimate	Margin of error	Lower 90% confidence interval	Upper 90% confidence interval	Sample count
Transactions	Yes	193	109	84	302	66
	No	3,026	489	2,537	3,515	239
Percent of transactions	Yes	6	3	3	9	66
	No	94	3	91	97	239

Source: VA OIG analysis of transactions funded without IT systems appropriation in FY 2018 quarters 1–3, May 2020

Note: some items do not sum due to rounding

Appendix D: Management Comments from the Principal Deputy Assistant Secretary for Information and Technology and Deputy Chief Information Officer⁴²

Department of Veterans Affairs Memorandum

Date: April 10, 2020

From: Principal Deputy Assistant Secretary for Information and Technology and Deputy Chief Information Officer (005A)

Subj: OIG Draft Report, VA's Implementation of the FITARA Chief Information Officer Authority Enhancements (Project No. 2018-04800-CT-0311)

To: Assistant Inspector General for Audits and Evaluations (52)

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report, VA's Implementation of the FITARA Chief Information Officer Authority Enhancements. The Office of Information and Technology (OIT) concurs with OIG's findings and recommendations and submits the attached written comments. OIT requests recommendation 3 be considered closed based on the actions described in the written comments.

The OIG removed point of contact information prior to publication.

/s/

Dominic Cussatt

Attachment

⁴² While the OIG addressed the recommendations to VA's chief of staff and assistant secretary for information and technology, VA's principal deputy assistant secretary for information and technology provided the department's response and action plans. VA provided written communication indicating the VA chief of staff and the assistant secretary for information and technology concurred with the corrective action plans provided by the principal deputy assistant secretary.

Department of Veterans Affairs (VA) Comments to Office of Inspector General (OIG) Draft Report, VA's Implementation of the FITARA Chief Information Officer Authority Enhancements (Project No. 2018-04800-CT-0311)

OIG Recommendation 1: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administrations and program offices develop and implement policy to support the Federal Information Technology Acquisition Reform Act delegation process and submit a Chief Information Officer Assignment Plan for the Office of Management and Budget's review and approval.

Comments: As of December 1, 2019, the Department of Veterans Affairs (VA) Office of Information and Technology (OIT) and Office of Enterprise Integration (OEI) developed an interim policy on complying with the Federal Information Technology Acquisition Reform Act (FITARA). The draft interim policy and FITARA Standard Operating Procedure are provided as supporting documentation Attachments A and B. The FITARA interim policy has been signed by the Chief Information Officer (CIO); however, final signature by the Assistant Secretary for OEI – VA's authoritative signatory for policies – is pending resolution of non-concurrence by the VA Office of Inspector General (OIG).

As of October 22, 2019, a draft CIO Assignment Plan was completed and revised based on comments and recommendations from the Office of General Counsel; Office of Acquisition, Logistics and Construction, and; OEI. The policy and CIO Assignment Plan are interdependent; submission to the Office of Management and Budget (OMB) is pending resolution of OIG's non-concurrence. The draft CIO Assignment Plan is provided as Attachment C. Target Implementation Date: A date to finalize the policy and assignment plan is to be determined. VA will provide further details at the time of the report's 90-day follow-up.

OIG Recommendation 2: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administrations and program offices establish internal controls sufficient to ensure the Chief Information Officer or the appropriate delegate reviews and approves all information technology acquisitions, regardless of appropriation, and implement improved VA policies and procedures to reflect these business processes.

Comments: Concur. The Department has established internal controls in the Acquisition Review Module (ARM) within the Budget Tracking Tool (BTT) to facilitate FITARA review and approval. ARM combines acquisition, budget, and technical reviews into a streamlined process that expands CIO visibility and accountability into information technology (IT) requirements and IT-related requirements across the Department.

VA understood and addressed concerns of the OIG audit by developing a FITARA Implementation Policy. The policy and the CIO Assignment Plan state: "the CIO will review and approve all IT acquisition strategies and IT acquisition plans prior to solicitation and contract award. To efficiently execute, the CIO will identify and designate officials with authority to review and approve IT acquisition strategies/plans on the CIO's behalf based on the estimated total contract lifecycle amount and/or acquisition actions that may have significant impact to the agency. Authority will be designated in writing, in accordance with VA Directive 0000 [Delegations of Authority]." Implementation of the policy is pending resolution of OIG's non-concurrence. Target Implementation Date: A date to finalize the policy and assignment plan has not been determined. VA will provide further details at the time of the report's 90-day follow-up.

OIG Recommendation 3: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administrations and program offices modify all VA policy and

guidance regarding implementation of Federal Information Technology Acquisition Reform Act requirements to provide clear and consistent Information Technology acquisition processes across the department.

Comments: Concur. On December 2, 2019, the CIO and Chief Acquisition Officer signed a memorandum, Federal Information Technology Acquisition Reform Act Acquisition Compliance, to provide clear and consistent requirements on IT acquisition processes across the Department. The memorandum was distributed to all VA Administrations and Staff Offices on December 3, 2019 (Attachment D). Target Implementation Date: VA requests closure of the recommendation based on the information provided above.

OIG Recommendation 4: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administrations and program offices develop and implement agency wide information technology acquisition awareness and training programs to improve VA employees' understanding of Federal Information Technology Acquisition Reform Act requirements and the Chief Information Officer's authority to review and approval all information technology acquisitions.

Comments: Concur. As of March 2020, OIT's Office of Strategic Sourcing is conducting role-based training for employees who use ARM, the FITARA compliance tool. Trainees will include the following groups: users of Forecast of Opportunities and Requirements Center for Excellence; users of Electronic Contract Management System; Federal Acquisition Certification Contract Officer's Representatives; Program/Project Managers, and; contracting employees. Target Implementation Date: On demand recordings of the trainings will be available to all VA employees by September 30, 2020.

OIG Recommendation 5: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administration and staff offices revise VA Directive 6008 to clarify the Chief Information Officer's authority and roles in the planning, programming, budgeting, and execution of all information technology resources.

Comments: Concur. VA Directive 6008, Acquisition and Management of VA Information Technology Resources is currently under revision. The revised directive and handbook will clarify the CIO's authority and roles in the planning, programming, budgeting, and execution (PPBE) of all IT resources. Upon completion of the revisions, the handbook will be staffed for agency-wide review and concurrence prior to final publication. Target Implementation Date: The anticipated publication date of the revised VA Directive 6008 is September 30, 2020.

OIG Recommendation 6: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administration and staff offices develop and implement policies and procedures across all VA administration and staff offices to specifically identify and separate information resources from non-IT resources, regardless of funding appropriation.

Comments: Concur. As of December 1, 2019, OIT and OEI developed an interim policy on complying with FITARA, which states: "under FITARA, all IT acquisitions are subject to specific review requirements, regardless of dollar value, funding authority, funding appropriation, or other considerations." Target Implementation Date: A date to finalize the interim policy is to be determined. VA will provide further details at the time of the report's 90-day follow-up.

OIG Recommendation 7: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administration and staff offices establish policies and procedures for all VA administration and staff offices to work with the Chief Information Officer for planning, programming, budgeting, and execution of all information technology resources and to manage

VA's overall information technology portfolio with resources that effectively achieve program and business objectives.

Comments: Concur. VA is developing and implementing a Department-wide PPBE process to better coordinate the IT needs and dependencies of VA Staff Offices and Administrations to ensure OIT is properly resourced in support of the Enterprise delivery of the technology solutions necessary for VA to provide benefits and services to Veterans. This draft process incorporates both VA and IT Governance bodies, such as the new VA Chief Executive Officer, or CXO, Council and the IT Governance Boards. OEI and the Office of Management are the lead offices for the VA PPBE effort, while OIT and the CIO play an integral role in shaping the policies and processes. Target Implementation Date: VA will provide further details at the time of the report's 90-day follow-up.

OIG Recommendation 8: The OIG recommends the Chief of Staff for Veterans Affairs ensures the Chief Information Officer, in conjunction with VA administration and staff offices establish and implement department-level information technology governance and oversight processes to ensure that the Chief Information Officer is a member of VA governance boards that inform decisions on all information technology resources across the agency, regardless of funding appropriation.

Comments: Concur. OIT established an IT Governance Framework, which aligns to the VA Governance boards, of which the CIO is a member. OIT's Office of Quality, Performance, and Risk (QPR) is in the process of maturing the IT Governance Framework to broaden IT governance participation to include business partners and stakeholders. Currently, shareholder integration is managed and represented through OIT's IT Account Management Office. Target Implementation Date: January 31, 2020.

OIG Recommendation 9: The OIG recommends the VA Assistant Secretary for Information and Technology fully develop and implement the Office of Information and Technology governance framework to ensure Federal Information Technology Acquisition Reform Act requirements are met.

Comments: Concur. The IT Governance Framework aligns with the VA governance framework as described in VA Directive 0214, Department of Veterans Affairs Enterprise Governance Structure and Process. The IT Governance Framework manages all aspects of IT governance, integration, and modernization in support of the VA CIO through the VA IT Governance Board (ITGB), the strategic councils, and committees that support tactical operations, such as working groups and tiger teams. The ITGB and supporting councils may formally charter other standing and ad-hoc cross-Department governance bodies as needed. All VA IT governance bodies are intended to enable efficient decision-making, manage risk, and promote the timely sharing of information on matters of mutual interest between and among VA's Administrations and Staff Offices. The IT Governance Framework policy draft is complete and nearing final signature. The IT Governance Board charter (Attachment E) was approved on January 23, 2020. Target Implementation Date: October 31, 2020.

OIG Recommendation 10: The OIG recommends the VA Assistant Secretary for Information and Technology fully implement the functionality of the Office of Strategic Planning and Analysis to ensure Federal Information Technology Acquisition Reform Act compliance for information technology strategic planning.

Comments: Concur. OIT QPR provides the CIO with leadership support for the CIO's IT Strategic Planning and Analysis activities to ensure FITARA compliance for IT strategic planning at VA. The QPR Enterprise Strategic Planning and Governance directorate produces three key artifacts: 1) the IT Information Resources Management (IRM) Strategic Plan; 2) the Enterprise Roadmap, and; 3) the Annual Integrated Planning Guidance document (AIPG). These artifacts articulate strategic goals, objectives, and

measures to support alignment and tracking of performance against strategy across the organization. These documents feed into the Planning phase of the PPBE cycle.

The IT Strategic Planning Ecosystem is OIT's new planning process and serves as a model for integration and engagement with staff and experts from across VA. OIT began with an environmental scan, analysis of key legislation, exploration of current and pending legislation, budget analysis, and a deep review of VA's five-year strategic plan and associated futures scenarios. The Fiscal Year (FY) 2020–2022 IT (IRM) strategic plan's goals align to and help address the President's Management Agenda and its Cross-Agency Priority goals. OIT's plan also provides clarity on how technology will advance the Secretary's priorities and support the Department's five-year strategic plan. VA OIT uses the Enterprise Roadmap to document the Department's current business and technology environment from an architecture perspective and depict the transformative initiatives and modernization timelines that will enable VA to achieve its future environment. It provides an integrated view of the IT capabilities across VA and operational milestones supporting the Department's FY 2018–2024 Strategic Plan and the IT Strategic Plan.

Finally, VA OIT Annual AIPG establishes the plan for ensuring IT spending and resource allocation will meet VA's strategic goals and objectives for the next five years and beyond. The document identifies strategic level strategies and priorities to meet critical mission functions by aligning IT investments with broader organizational, budget, and program planning decisions. AIPG provides the mechanism that links organizational mission, goals, and objectives from the VA Strategic Plan, IRM Strategic Plan, VA Enterprise Roadmap, and annual adjustments to leadership directives to the downstream processes associated with the application of resource constraints. Once the guidance is issued, establishing the end of the Planning function on an annual basis PPBE cycles begin. Target Implementation Date: December 31, 2020.

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Contact and Staff Acknowledgments

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